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West Europe Report

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WEST EUROPE REPORT

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PEACE GROUPS MAKE CHARGES AGAINST EACH OTHER OVER TACTICS

Helsinki Helsingin Sanomat in Finnish 12 May 84 p 10

[Article: "Cooperation Between 100 Committee and Peace Defenders Bogged Down; 100 Committee Stayed Away From Spring Exercise"]

[Text] There was not enough room for Finland's Peace Defenders and the 100 Committee to together attend the celebration of this week's Peace and Hope Workday, which was held in different parts of the country. The 100 Committee did not participate in the exercise because, in its opinion, the event was dreamed up solely by the Peace Defenders.

"It's wrong for the event to be marketed as being organized by the whole Finnish peace movement while in fact only the Peace Defenders are behind the exercise," 100 Committee chairman Folke Sundman said.

According to Sundman, the Peace Defenders presented the plan for the event to the 100 Committee ready-made. "It looks as though the Peace Defenders are trying to collar a monopoly on the promotion of the ideal of peace," Sundman explained.

As for Peace Defenders organization secretary Mikko Lohikoski, he disputes Sundman's allegations. "We have excluded no one from the planning, but we cannot, of course, force people to attend either," Lohikoski emphasized.

"Besides, a 100 Committee representative was also present at the preliminary and organization meeting for the peace and hope Workday event," Lohikoski went on.

The 100 Committee also criticized the Peace Defenders for having picked Peace Defender activists chiefly from the peace march committees to plan the Peace and Hope Workday event.

"The peace march committees' sole mission is to organize UN disarmament week peace marches in the fall and they should not be used for other tasks because, after the peace marches, committee members are no longer in contact with one another. Obviously, that is how only Peace Defenders supporters received the invitation to plan the event," Sundman said.

According to Lohikoski, this claim is not true either. "In many towns, Savonlinna, for example, peace march committees are still meeting and are composed of others as well as Peace Defender representatives. If people have a need to work for peace, they will do so regardless of which peace organization assumes the initiative."

Cooperation Difficult

Cooperation between Finland's Peace Defenders and the 100 Committee has recently been particularly difficult. According to first secretary Larkku Tattari, the foundered cooperative venture to invite representatives of the Eastern and Western peace movements to Finland has already cooled relations.

Last spring the Peace Defenders and the 100 Committee jointly resolved to invite representatives of the Eastern and Western peace movements to an unofficial meeting in Finland.

According to Tattari, however, the Peace Defenders broke off negotiations and justified putting an end to cooperation with the fact that there were unresolved differences between the two organizations.

This spring, however, the 100 Committee was surprised to hear from its European brother organizations that the Peace Defenders had in their own name invited representatives of the Eastern and Western peace movements to a meeting that was held in the spring in connection with the Peace Defenders congress.

According to Lohikoski, the representatives of the Eastern and Western peace movements were merely the "guests" of the Peace Defenders and one cannot speak of a really official event.

The 100 Committee has 4,000 members, the Peace Defenders a membership of 30,000. The 100 Committee is an independent peace organization. The Peace Defenders belong to the World Peace Council, which has been criticized because, in the positions it has adopted, it has condemned only Western armament and has not raised the issue of Soviet armament.

11,466

CSO: 3617/156

DKP COURTS SPD, UNION MEMBERS VIA PEACE, WORKWEEK ISSUES

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 12 May 84 p 12

[Article by Helmut Herles: "The DKP Sees New Opportunities; an Indoctrination Letter That Should be Taken Seriously by the Social Democrats"]

[Text] Bonn, May--To Peter Glotz, the SPD federal party director, the SPD-DKP topic was nothing more than a winglet hotchpotch--the question that generations in German history have painfully experienced for themselves, with mortal danger and death: the relationship between social democracy and communism. In a dispute with Roemer, labor union secretary of the Mining Industrial Labor Union, he charged the latter and Social Democratic professors who had published the book "Wohin treibt die SPD?" (Whither the SPD?) in the Munich Olzog publishing house with pursuing "anti-communism because of fear of being identified with it." Thereupon the Bremerhaven SPD Bundestag deputy Grunenberg, a man who knows the coastal plants and the shipyards, wrote in a letter to opposition leader Vogel as future deputy party chairman: "Somewhat despairing, one of my friends asked me what Glotz had actually meant: 'I ask you as a politically active shipyard worker, what is the opposite of anti-communism?' Another old comrade asked me ironically whether the SPD headquarters people are thinking of a unification party congress. You know that these comrades hardly speak up in the party organization, that they lack rhetoric, but when we maliciously offend them, then the party leadership no longer appears to judge their membership correctly."

An historically sensitive person such as Peter Glotz, even though he does not take the "winglet" in his party seriously, should at least have been able to remember how the DKP itself celebrates its successes in unnerving the SPD, in blurring Social Democratic contours in the leftist scene, its involvement in "unity of action" events. This can now be looked up in a DKP indoctrination letter to its members for the "1983/84 educational year." It is thanks to the Wiesbaden publishing house "Das junge Wort" that the matter has been made accessible for critical examination beyond the DKP confines.

In its "indoctrination" the DKP would like to advance from "new opportunities" to "new realities" as it interprets the terms. It provides "guidance for action" to its comrades, how it associates with the "comrades" now expressly so referred to by the DKP. "What is essential is to establish contact with the Social Democrats. Especially in the plants. Speak with the female and male

Social Democratic colleagues before any initiative is taken. Take a joint initiative and then act jointly, especially in the struggle against stationing of missiles and in the struggle for the 35-hour week, against firings and job losses. Does every DKP group executive know in each case the executive of the corresponding local SPD club? If not, a friendly letter can be written and attention can be called to the educational topic of "unity of action."

In its indoctrination letter, the DKP describes Communists and Social Democrats as the "two main trends" of the labor movement and thus supplants the principal antagonism in history and the share of the other trends in the labor movement from the Christian-Social workers to the many independent workers. The communists are trying to exploit the longing for peace of most men for their attempt at embracing: "For Communists and Social Democrats: The most important thing is peace!" "New fields of joint effort" are envisioned "from the struggle for peace up to college, from resistance to the shifting of the burdens of the crisis up to the protest against banning people from professions, from the struggle in defense of the reforms implemented by governments led by Social Democrats up to solidarity with the peoples in the Third World countries fighting for their freedom."

Especially the peace movement is applauded by the DKP for this strategy. It finds its "strongest expression" in the resolutions of the Cologne SPD Congress.

The DKP educators state: "The missile advocates, the Schmidts and Apels, have become a virtually marginal group in their party in this question. More and more Social Democrats have overcome the barriers simultaneously which are to keep them away from the Communists in the joint struggle for peace."

But while the SPD with Glotz does not think it has a lot to catch up on in this dispute, the DKP is frank enough to provide hints itself to the Social Democrats who might study this text why their party under Brandt's responsibility had affirmed an "irreconcilability resolution" even though the party may now prefer to have this resolution disappear in the archives. The DKP adheres to the idea that there is a "principal peace role" of the Soviet Union, because of its "character as a socialist power, because it has overcome capitalist property with its profit, its exploitation, its predatory character." However, reality bears out the "delimitation" of the SPD: After World War II, the "peaceful power" has mercilessly suppressed all freedom movements in its empire and has covertly crossed the borders of other countries and in Afghanistan openly so.

A second point of difference of the DKP indoctrination letter also bears out the Social Democrats not riding the fashion wave of their party at this time. The DKP writes, in spite of the aspired unity of action for the 35-hour week "the Social Democratic comrades" lack "as a rule the awareness of the system-related, capitalist causes of this social reaction." In doing so, the DKP touches on the difference in principle between its dogmatic Soviet-venerating, revolutionary drumbeating and the Social Democratic principle of the reforms. "Our attitude toward reforms is fundamentally different." According to the DKP, for the "mass of the SPD comrades" reforms have "an end in themselves" or they believe that "by means of reforms alone to be able to achieve a new socialist

social order." Indeed that is true. But the DKP expresses the position more clearly than the SPD at this time; the latter believes it can do without that.

With all dazzling attachment to Glotz's inclination "not to exclude," the SPD would be well advised to take the DKP seriously. Although thus far it has been rejected by the voters because of its attitude towards the Soviet empire and as an arm of the SED in the FRG, but it has long had more influence than the zero decimal point election results reveal through its culture festivals, through a trendy "scene" as a "media concern," and what is more serious through plants and labor unions, through the vague alliances with a part of the Social Democrats.

Therefore it would be a good thing not only for the SPD if Glotz would speak less of the "winglet" and would take these voices in his party just as seriously as other voices that are to be taken seriously. For example, he could also recall the old Social Democratic words: "There is nothing more important than peace in freedom," which the DKP tries to change to "the most important thing is peace." And if in relation to communism he tries a tough strategy of hope for a change in principle of communism by way of a "change through rapprochement" (Bahr), then especially he would have to seek intellectual clarity. Intellectual clarity is not possible without historical awareness.

Therefore it is important when Social Democrats and labor unionists such as Manfred Wilke in a book on the occasion of Theo Pirker's 60th birthday remind us: "No one speaks anymore of the persecution of the Social Democrats after 1945 and the tellers of fables are not confronted with these sufferings. But even after 1945 people were sent to the penitentiary for the SPD and died there. That happened in the Soviet Zone of Occupation, the later GDR; included among them were many a labor unionist who in the Soviet Zone of Occupation had believed in the FDGB as a unity labor union. The circle of friends of former political prisoners from the ranks of the Social Democratic Parties of Germany in 1971 mentioned in a letter a figure of over 5,000 prisoners and over 400 dead...." In talks on peace or in the "struggle for peace" and in the "peace movement," the present SPD always ought to confront the DKP as the present vassal of this system with this memory.

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CSO: 3620/313

LEADING FOREIGN POLICY EXPERT ON 'SYMMETRY,' HANU LIISSILÄ

Helsinki Helsingin Sanomat in Finnish 5 May 84 p 2

[Article by Max Jakobson: "Neutrality Policy Has Preserved a Consistent Line."]

[Text] The author is the director of the Commerce and Industry Commission. He has among other things served as the chief of the Ministry of Foreign Affairs Political Department, Finland's permanent representative at the United Nations and the country's ambassador in Stockholm. He has published several works, the most recent the volumes, "A Line Drawn in the Water," 1980, and "The 38th Floor," 1983.

A comfortable way of engaging in political debate is to set yourself such an easy target that you cannot miss and then hit it. In terms of foreign policy such a target is symmetry.

Anyone can demonstrate that a power-policy configuration is not symmetrical from Finland's standpoint. It goes without saying that in adopting positions we must first of all take into account their possible effect on our relations with the Soviet Union. Other major powers are not as important from Finland's standpoint.

Goal and Means to It

Symmetrical discussion would be meaningless if the danger did not exist in it that the baby might be thrown out along with the bath water. We easily slip into a way of thinking that, since there is no symmetry, it is neither possible nor is there even any need for pursuing a consistent neutrality policy.

Now they are saying that security comes before the neutrality policy. Thus the goal and the means to it are confused. Of course ensuring national security is the foremost goal of foreign policy! But the neutrality policy is the means through which we try to ensure our security.

Unless all of us have faith in our neutrality policy, in a crisis situation we may be drawn into a conflict between the superpowers and our security would be endangered.

Some observers have claimed that we have already deviated from a consistent neutrality policy. They have arrived at this conclusion primarily by taking expressions used by foreign policy leaders out of context.

In foreign policy semantics is important, what foreign policy leaders say and what they leave unsaid is examined under a magnifying glass elsewhere than in Turku as well.

I do not, however, concur with the view that we have abandoned the pursuit of a consistent neutrality policy. While new emphases are noticeable in their statements, as far as I can see, there have been no essential changes in practical policy. Differences over individual decisions have appeared, but no deviation in the tracing of policy is evident on the basis of them.

For example, a stance opposing a preemptive nuclear strike can be defended when it is linked with President Koivisto's categorical announcement that Finland will not permit nuclear weapons to be brought into its territory.

On the other hand, when it comes to the vote on Grenada, we may feel that, since many of its allies also voted against the United States, by joining the group to swell its number, Finland behaved in the way that aroused least attention, internationally speaking. In that way we jumped the fence at its lowest point.

A different matter is the fact that we did not make use of the opportunity to demonstrate the consistency of our policy in a case where at some point in a crisis situation closer to us our credibility would be put to the test in a quite different manner than in the vote on Grenada.

Consequently, while moralists may dominate foreign policy debate, realists still deal with practical policy. The distribution of labor is the same as before.

Real Interests

A trend that could be called neolegalism is indeed also appearing in today's foreign policy. Just as in the 1930's, we are seeking out international legal instruments -- juridical pledges and guarantees -- to protect our security.

They are of an undisputed political importance which there is no reason to underestimate. But experience has shown that in a crisis situation only those pledges between nations that correspond to the real interests of both parties are tenable.

Prof Osmo Apunen recently pointed out this fact in his comment on a statement made in an interview by former U.S. ambassador to Helsinki James Goodby. In it Goodby assured us that the United States and its allies would respect Finnish neutrality in the event a conflict should break out.

Professor Apunen warned us not to place too much reliance on such promises. He reminded us that similar assurances did not keep the United States from bombing neutral Kampuchean territory during the Vietnamese War.

The comparison we have sought out is far from home, but nevertheless worthy of consideration. Kampuchea had declared itself to be neutral, but was militarily too weak to maintain its territorial inviolability and was forced to submit to North Vietnam's using its territory as its support base and transit route. In the eyes of the Americans this canceled the significance of Kampuchea's declaration of neutrality.

The lesson is obvious to any country striving for neutrality. Control over one's own territory with one's own forces is an unconditional prerequisite to the success of a neutrality policy.

Europe's Situation

But is there any longer any sense in protecting our territorial inviolability through a neutrality policy and efforts associated with it in a Europe with nuclear weapons?

There can be no doubt that an all-out nuclear war between the Warsaw Pact and NATO nations would be an immeasurable catastrophe that would plunge our part of the world into complete destruction. That, however, is the most unlikely of all possible European conflicts.

The situation in Europe is now stable and there are no changes in sight, as I in another connection (HELSINKI GAZETTE, 15 April 1984) tried to demonstrate. We must, however, prepare for the possibility that over a longer interval of time Europe's military policy configuration may develop in a new direction.

The view that every armed conflict in Europe will automatically and directly lead to the use of nuclear weapons has become an object of critical scrutiny.

Thanks to the superior numbers of its conventional weapons, the Soviet Union is already in a position such that it does not need to be the first to resort to nuclear weapons.

In NATO too, a trend that aims at the development of conventional weapons is now becoming stronger so that dependence on a preemptive nuclear strike may be lessened.

Decreasing the danger of nuclear weapons will, however, not yet in itself lessen the danger of war; it may even increase it. Nor is there any reason to underestimate the destructive power of so-called conventional weapons. In any event the importance of the Armed Forces as a contributing factor of our security policy will be preserved and may be heightened in a changing situation.

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336: 3617/156

COUNTRY'S LEADING PAPER COMMENTS ON SOVIET OLYMPICS BOYCOTT

Helsinki HELSINGIN SANOMAT in Finnish 10 May 84 p 5

[Editorial: "Olympics Must Be Saved for Sports"]

[Text] The international Olympic movement now needs the support of as much diplomacy as possible so that the disintegration it is threatened with is not unleashed. For the sake of the athletes and their public the Olympic committees must try to reach agreement so that the Los Angeles games will not become a mirror image of the rump games in Moscow. There is still time for reconciliation.

The national Olympic committees are deplorably lightweight mediators in the superpowers' political contests. The shattering of the games in a superpower contest, now for the second time in a row, attests to the seriousness of the inflammation. A comparison with ancient Greece, where states and cities fighting bloodily with one another were capable of setting aside their hatred for the duration of the Olympics every fourth year, emphasizes the blind alleys of the superpowers of our time.

Probably very few of us living today feel that the diplomacy of ancient Greece was that much more skillful than today's diplomacy. It is more evident that the Olympic movement has itself chosen the wrong path.

Nor does the Olympic movement have anything positive awaiting it during the summer games after the rump games in Moscow and the attrition Los Angeles is threatened with. It is now obvious that the 1988 summer games in South Korea will become an unpleasant spectacle involving a high-level political battle.

The repetition of accusations between nations does not help the Olympic movement at all. As concerns Los Angeles, however, charges of commercialism constitute a difference from the usual situation. Business firms are paying for the places where the games are to be held and for everything else, even the right to carry the Olympic torch.

As expensive as high-priced commercialism is making the games for foreigners, we must nonetheless remember that pricing everything in terms of money and charging people to participate are permanent features of American culture. Among the basic values of American culture is the right to have a different opinion, but when in Rome do as the Romans do.

The Olympic movement itself bears a large share of the responsibility for the commercialism of this year's games. In unconcernedly endorsing more and more new types of competition, more and more days of competition and new participants in the Olympic Games, the International Olympic Committee has itself fostered a mammoth illness. Only a few big nations, dictatorships polishing their own image and commercial organizers are in a position to organize the games any more.

The only way to save the independent Olympic movement may lie in weeding out the games. Reducing the kinds of contests and shortening their duration will quickly expand the number of potential organizers. Very many athletes can be shifted to their own separate Olympic medal games. The Olympics must be reduced to individual contests among athletes who are relieved of their powerful role of gauges of the superiority of nations.

The 1952 Helsinki Olympics provide an extremely suitable model for the present games. They were indeed organized as a show of national strength, but from beginning to end their organization was marked by a sportsmanlike team spirit. It was not until later that making a big display of sports turned the Olympics into a festival for the acquisition of gains, political or economic gains.

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GREENS GAIN MOST IN GALLUP POLL

Helsinki Helsingin Sanomat in Finnish 12 May 84 p 13

[Text] The latest opinion poll shows a sharp rise in support for the Greens. According to a poll conducted by the Finnish Gallup Company, which was ordered by the four largest parties, support for the Greens has risen from 1.5 percent at the time of the spring 1983 parliamentary elections to 6.9 percent.

According to the poll, support for all other parliamentary parties has dropped or remained unchanged. An opinion poll conducted in April-May predicted a loss of well over a percentage point for the Social Democrats (SDP) and the same for the Center Party. The SKDL's [Finnish People's Democratic League] loss was estimated at exactly 1 percentage point and the Conservative Party's slightly less. The poll also showed a percentage-point loss for the Finnish Rural Party (SRP). In earlier polls published after the last parliamentary elections, the SRP obtained noticeably higher support figures.

According to the poll, no essential changes appear to have occurred in terms of support for the Swedish People's Party (RKP) and the Constitutional Conservative Party.

According to the opinion poll, support for the political parties is divided in the following way, with the 1983 parliamentary election results in parentheses: SDP, 25.4 (26.7); Conservative Party, 21.3 (22.1); Center Party and Liberals, 16.6 (17.6); SKDL, 13 (14); SRP, 8.7 (9.7); RKP, 4.6 (4.9); Christian League, 3 (3); and Constitutional Conservative Party, 0.5 (0.4).

For the poll, 1198 interviews were conducted. Fifty-one towns and 74 rural communities served as the objects of the poll. Of those interviewed 25 percent did not express their party preference.

Government's Popularity Low

Commissioned by the four largest parties, the Finnish Gallup poll also reported satisfaction with the actions of Kalevi Sorsa's (Social Democrat) fourth administration. Exactly half of those interviewed said that they were mainly satisfied with the administration, 35 percent expressed their dissatisfaction and 15 percent did not report their party preference. According to the poll,

the government's popularity is at its lowest ebb since 1978. Its popularity has fluctuated between 31 and 66 percent during the past 10 years.

Those interviewed were also asked which party they would choose as the second-best alternative. According to the poll, among the Social Democrats the most-favored alternative was the SHDL and vice versa. The Conservative Party and the Center Party formed the same kind of "pair." In the SDP the alternative that received most support was the Center Party, in the ADP the Conservative Party, in the Christian League the Center Party, among the Greens the SHDL and in the Constitutional Conservative Party the Conservative Party.

Interest in politics was also a goal of the poll. Interest seems to have been to some extent waning since the similar opinion poll was conducted in the fall of 1982.

Of those interviewed 10 (15) percent remarked that they were very interested and 43 (48) percent were to some extent interested in politics. Thirty-two (31) percent indicated that they were only slightly interested and 15 (8) percent of those interviewed that they were indifferent.

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CSS: 3617/156

PCF CENTRAL COMMITTEE MEMBER ROUX NEW WORLD HEALTH PRESIDENT

Paris L'HUMANITE in French 23 May 84 p 8

[Article by Arnaud Spire]

[Excerpts] The Executive Council of the World Health Organization (WHO) elected its president on Monday. He is Jacques Roux, director general of health in France, who will now be filling this important and powerful position.

In his new post, Professor Roux will be directing the activities of this international institution during the coming years. The election comes at a time when the World Health Organization is particularly threatened by credit restrictions which certain western countries are trying to impose on it.

Representatives of the United States, Federal Germany and Japan are in fact opposed to a meeting of experts which is supposed to organize the WHO in 1985 to rationalize the marketing of medicine in developing countries. This meeting, if it is held, could in fact lead to the drafting of a code to specify marketing practices of pharmaceutical firms in the third world. The U.S., FRG and Japan, together with Great Britain and France, are responsible for three-fourths of world exports of pharmaceutical products.

This is the second time in the history of the WHO* that a Frenchman has been elected to this office.

Prior to his appointment as director general of health in November 1981, Jacques Roux was a professor of microbiology at the Montpellier school of medicine.

His work on Malta fever or brucellosis has made him renowned throughout the world for some time.

His Ideas

From a modest family, Jacques Roux has always appeared as "a quiet father of medicine," despite his discoveries and important posts. In 1973, at the age

of 50, he was the youngest member of the Academy in France. The universal scientific scope of his work is such that it has managed to overcome the ostracism to which he was subjected for a long time as a communist. In fact, after having participated in the Resistance and the liberation of France in the Leclerc army, this man of science and progress was finally able to follow his ideas to their logical conclusion. It was in 1956 that he joined the French Communist Party. He has been a member of the Central Committee ever since our party's seventeenth congress.

With his calm reassurance and intelligent mind, he has been successful so far in leading his life simultaneously as a scientist, high official and militant communist. Now, at the request of his colleagues, he is taking on important international responsibilities. We know that he will fulfill them with the skill and sense of social progress for which he is known.

* There are 145 member countries of this institution which has just held its 37th world meeting in Geneva. Founded on the heels of the Second World War, pursuant to the U.N. Charter, its purpose is "to ensure the highest possible health standard for all people." The WHO defines health as a state of complete physical, mental and social well-being, and not just the absence of disease or infirmity.

9805

CSO: 3519/345

REASONS FOR PERCEIVED ANTI-KARAMANLIS CAMPAIGN

Athens POLITIKA THEMATA in Greek 25-31 May 84 p 11

[Text] Despite the assurances given at various times by the government concerning the respect which it has for the person of the president of the Republic and for his service to the country, last week new offensive behavior emerged which was aimed directly against the prestige of President Karamanlis.

Some 2 weeks ago, a "populist" newspaper stirred up an entirely nonexistent issue by its asserting that in 1937 the current president of the Republic had received a permit to engage in mineral prospecting in an area of northern Greece.

Of course, this despicable newspaper article was met with silence. But in the following days, KATHIMERINI came out with a short article calling on every leading figure with a position of responsibility in the country to condemn the revival of yellow-journalism methods which the "populist newspaper" was engaging in; however, there was no response by the government to that proposal.

A short time later, the minister of the interior, being overcome by his well-known irritability, was speaking to the Chamber of Deputies about "highly placed extra-parliamentary figures" who had organized a "plot" against him, a charge which was interpreted by everybody as referring to the president of the Republic.

To all these things, a small collection of incidents from recent days, we will add the erroneous picture of the history of our economic policy which G. Arsenis gave to an assembly of industrialists, a picture which disparaged the work done and gains made by the post-dictatorship administrations of K. Karamanlis.

Finally, one should add to all this the suspicious concerted effort in criticizing the president's edicts at the time of the official commencement of the Euro-election campaign.

And although it is true that in the aftermath of the statements by Koutsogiorgas to the Chamber of Deputies, the government tried--by way of a statement from its spokesman--to "retract" the charge made by the minister

of the interior ("Koutsogiorgas certainly did not mean the president of the Republic"), by no means does this diminish the impression that both PASOK and the KKE (now) are not letting any opportunity slip by for criticizing either the past or the present conduct of K. Karamanlis.

This fact is noted as particularly important and at the same time as indicative of an effort which is tending to create problems, as it becomes more and more certain that there in the Theater of Irodis Attikos there will be a decisive repudiation either of the attempt to shift Greece away from its traditional alliances and friends, or of the attempt to curtail its European ties, which K. Karamanlis established with so much personal struggle and so much trouble.

According to political observers, this is the correct interpretation of a strange political campaign of no longer concealed efforts to subvert the international and domestic prestige of the president of the Republic.

12114

CSO: 3521/256

PAPANDREOU'S ISOLATIONIST STANCE SEEN DANGEROUS

Athens POLITIKA THEMATA in Greek 25-31 May 84 p 24

[Article by Evroskopos]

[Excerpts] Of all the governments of the member states of the European Community, the Greek government is the only one which has a different conception of the future of Europe.

It is the only government which--via the mouth of its premier himself--argues for changing the structure of the EEC in terms of a framework which is outside that of the founding conventions of Rome. It is characteristic that the only other forces which have the same philosophy and political conception as Papandreou are the communist parties--which are under the guidance of Moscow--the young leader of the English laborites, (Neal Kinnock), and Moscow itself.

Papandreou has spoken repeatedly about the need for a "new Messina" so that we can go forward--as he stressed at the recent first congress of PASOK--with the "abolition of the Community of the monopolies and the building of a Community of the peoples."

In Brussels, Community figures are not hiding their astonishment at this position of the Greek premier, which conflicts with the position of every one of the other Community governments. It conflicts even with that of the Italian socialist premier, Bettino Craxi, and his "brother," President Francois Mitterrand of France. And they doubt whether any supporters will be found at all among the Spaniards and Portuguese. Finally, these figures consider it certain that upon his party's assuming power, Mr (Kinnock) will change his position.

The need for unity and for strengthening the political identify of the EC had been perceived many years ago, when the practice of political association was established. This is not a Community institution but more an inter-governmental form of cooperation, which has gone through many phases up to now. With the passing of time, simple inter-governmental briefings on issues of foreign policy developed into the taking of common positions on many important international issues. And now many vigorous efforts are made to include other issues as well within the framework of this political association, with such an association tending to become the

instrument for a future common foreign policy of the member states. The objective is difficult to materialize. But the fact is that the political will exists, is there.

Nobody can afford to disregard the need to strengthen the defense of Europe in such a way that it not only is not "separated" from the United States within the framework of the Atlantic Alliance, but also does not depend constantly on this country for the development of its technology and its weaponry. Moreover, Washington itself is having problems because of the pressures from Congress toward reducing expenditures which benefit the Europeans, when these countries are not making as much of a contribution as one would expect.

Everybody believes that it will be possible to deal with the problems of today and of tomorrow (political, defensive, economic, social) only in a united Europe. A united Europe in which its member states, while maintaining their cultural identity and sovereignty, will cooperate genuinely and sincerely toward their own common benefit.

Everybody believes this, with the sole exception of Papandreou.

He is the only premier in the Community who downgrades his country's relations with the Community to a level of trade alone. He is the only one who wants to remain in the Community, to benefit economically from it, and subsequently--after our economy will have been strengthened and will then be able to develop by itself and on its own--to abandon this Community. He is the only one who does not welcome the strengthening of the political association. He is the only one who does not welcome cooperation on matters of defense and security (the Irish are traditionally neutral, and for this reason they do not participate in NATO). He is the only one who speaks about the renovation of Europe on the basis of new structures. He is the only one who despite being an American-grown realist, is a demagogue with unrealizable visions contrary to realism itself.

In Brussels, a great many people are sounding the alarm. About the danger of Greece becoming completely isolated from Europe, from the entire world.

In reply to a relevant question, Belgian Premier [sic] Leo Tindemans had responded with the following characterizations: "Any withdrawal of Greece from NATO and the EEC would create unforeseeable conditions for the country. Where would it then be? Would it choose another alliance, would it believe that it can join the neutral and non-aligned nations? In such a case it would lose the advantages of its accession to the EEC, and from the viewpoint of security it would be in danger of finding itself entirely alone."

A common denominator of these views is that if our present indeterminate policy continues, we can be absolutely certain that we are heading toward catastrophe.

12114

CSO: 3521/256

BRIEFS

ND BOUTOS' POLITICAL POSITION--Friends of former Minister Giannis Boutos characterized his acceptance of the second spot on the "Eurolist" as a first-class political mistake. Indeed, in case of success at the polls, the victory will benefit the old chairman of the ND, and not, of course, Boutos himself. However, in case of failure, it will be Boutos as well who will bear the responsibility, becoming a "twin in failure." Moreover, Boutos is placed exactly opposite M. Glezos, a position which by no means can be considered a "fulfilling of ambitions." The fact remains that Boutos resisted with all his might, and was telling newsmen, as late as Thursday morning, that it was going to be "all or nothing," while by evening, he was saying that he was thinking of resigning. In the end, however, he gave in; according to his friends, even if his impeccable political behavior does not hurt him, it will surely not benefit him, at least not immediately or in the short term. [Text] [Athens ENA in Greek 31 May 84 p 14]

CSO: 3521/260

NONSOCIALIST OPPOSITION MUST OFFER ECONOMIC ALTERNATIVE

Stockholm 7 DAGAR in Swedish 18 May 84 p 4

[Commentary by Ulf Wickbom]

[Text] According to the opinion polls, there is now a socialist majority among the voters. The long-term trend will strengthen this majority. The curves now point toward a Social Democratic victory in the 1985 elections.

What could reverse this trend? Do the nonsocialists have any strong selling points? Can Adelson, Falldin, and Westerberg offer dissatisfied Social Democrats and marginal voters a single reason to "change brands?"

Up to the nonsocialist election victory in 1976, opposition politicians could correctly maintain that a change in government would be positive in itself. Our democracy would be revitalized if a new government were permitted to rule the country. The Social Democrats would profit from being in a shadow cabinet after 40 years of power. The nonsocialists repeated this time and time again until the voters decided to give them a chance.

The change in power occurred. After 6 years the Social Democrats were back. Swedish politics had taken on a new habit: changing governments. This habit will certainly lead to more changes in the future. Leading up to the 1985 elections, however, the nonsocialists can hardly claim it is necessary to revitalize our democracy by throwing Palme out. There may be reasons, but this is not one of them.

There were enormous expectations in 1976 that the nonsocialist government would present an alternative to the Social Democrats. The election defeat in 1982 was due, in large part, to widespread disappointment in the previous 6 years of nonsocialist governments.

Some of the problems can be blamed on external factors: the economic slump, the structural crisis, the energy problems, and others. To a great extent, however, the weaknesses of the coalition resulted from the fact that the parties were united more by their antisocialist outlook than by their non-socialist policies.

In this regard, the nonsocialists have a genuine credibility problem even

now. Conducting skillful opposition policies and pointing out all the mistakes made by the government are not enough. They also must be able to demonstrate that they can do something different and better.

The differences separating the nonsocialist parties are not especially great. They have learned to get along. But can they unite behind any important issue with sufficient force? The Palme government may have its faults and shortcomings, but in general it is consistent and capable of action.

In the submarine question, Ulf Adelsohn has done no more than point out that Palme has handled the problem incorrectly. He cannot point to a clear Conservative alternative--nor does he have the middle parties behind him.

There is virtually no issue on which the nonsocialists have managed to distinguish themselves from the Social Democrats.

The economy is moving so well that the nonsocialists' criticism is drowning in all the good news on industrial production, exports, and investments.

The Social Democrats are also using their devaluation with infernal skill. The Feldt plan is presented as a multiyear project for which no outsider can move in and take responsibility. It would be like replacing a tightrope walker with no safety net in the midst of a performance.

The opposition must either present a comprehensive economic plan of its own or convince the voters that anyone could step in and complete the job begun by Feldt.

The employment picture is a bleak one for the government. But when Palme and Falldin met in Orebro last February to bicker about jobs, it was mostly an exercise in bandying figures about--simply because no party today has a credible plan for full employment.

In the past, taxes have been a favorite topic for the Conservatives. Taxes may be reduced only by a government with a strong will, they used to say.

Now marginal taxes have actually dropped--not very much and not without certain side effects--but they have dropped nonetheless. Thus, the tax issue has been defused as political ammunition.

One of the toughest critics of the "wondrous night," tax professor Sven-Olof Lodin, now says that with a 5-percent inflation rate and 50-percent marginal tax, the present income tax policy is working quite well. It is more profitable to work and save and less profitable to borrow and cheat on your taxes.

The fund issue has united the nonsocialist parties in forceful joint action, but it seems more and more probable that the wage-earner funds are being delayed intentionally, both because even Finance Minister Feldt, in his more prosaic moments, believes it is a "crock of s--t" and because he wants to keep businessmen in a good mood.

Three factors could trip up the Social Democrats on their march toward another election victory.

The first would be extreme events--both large and small. A sudden economic downturn or international political crisis could destroy Sweden's economic policy. In that event, both the Social Democrats and the nonsocialists would have to formulate a new course of action, although the incumbent government would have a slight advantage. Finally, more "affairs" could seriously damage the Social Democrats and threaten their inner unity.

Secondly, when the campaign begins nonsocialist voters will certainly increase the pressure on their parties to stick together and present common alternatives.

Thirdly, there is the important "big brother factor." This will determine much of what the opposition says and does, but it will also effect how the voters view the Social Democrats. The government has created great expectations among the citizens with regard to more freedom, less bureaucracy, fewer personal identification numbers, and so on. If these expectations are dashed, it will occur with violent force. The nonsocialists know this from their bitter experience in 1982.

9336

CSO: 3650/218

PANKIN AS AMBASSADOR PART OF DISINFORMATION EFFORT

Stockholm SVENSKA DAGBLADET in Swedish 24 May 84 p 3

[Article by Johnny Flodman]

[Text] Johnny Flodman is international news editor for SVENSKA DAGBLADET. He has previously been a correspondent for SVENSKA DAGBLADET in Moscow, Paris, New York, and elsewhere.

When the Soviet U-137 went aground in the fall of 1981 and new submarine intrusions occurred, the Soviet Union decided to place a diplomat in Stockholm who had direct contact with the Kremlin and had first-hand knowledge of disinformation. They also wanted to have a person in the Swedish capital who, from a certain distance and with good sources, could keep an eye on the serious crisis in Poland and note the reactions in Western Europe.

This was stated by Ilios Yannakakis, an expert on the communist world and professor of modern history at the University of Lille in France. The diplomat to whom he referred is Boris Pankin who has been the Soviet ambassador in Stockholm since September 1982. It was his job to handle the "aftermath" of the U-137 incident and receive the Swedish protest following the submarine intrusions in Harsfjarden.

"I do not believe the Swedes understand what an important person Boris Pankin actually is," said Yannakakis when I met him at his apartment in Paris. "It is clear that he is a member of the Soviet security service, the KGB. It is difficult to tell, however, how high his rank is. Other experts and I are convinced that Pankin holds a high position in the KGB.

It may be pointed out in this connection that Georgii Arbatov, in a conversation with United Nations Ambassador Anders Ferm during April of last year, spoke of Boris Pankin as a "outstanding person." Arbatov stressed the importance of the Soviet embassy's major role in conveying messages from the Swedish government to the Kremlin. "We must not forget the embassy in Stockholm," Ferm quoted Arbatov in a letter to Prime Minister Olof Palme.

Credible Background

Ilios Yannakakis has a background that makes his information seem credible. He has spent a large part of his life in Eastern Europe, primarily in Czechoslovakia, and is well acquainted with the communist movement. In addition, he has studied the so-called ETHNOS affair in Greece, where Pankin played a major role and helped make that newspaper more or less a mouthpiece for the Kremlin.

"I believe that you people in Sweden have no idea how cynical the Soviet leaders can be," he said in his conversation with me. "I know how they are. I have had occasion to observe how these leaders act and what means they use in an effort to strengthen their power both within and outside the Soviet Union."

According to Yannakakis, Sweden is of great importance to the Soviet Union, especially from a strategic standpoint. In the present situation, with a prolonged crisis in Poland and a bitter conflict with the United States, the Russians are firm in their desire to control the Baltic Sea. "You Swedes must realize this," he explained. "Otherwise you are being naive."

Experience Since Childhood

Ilios Yannakakis has had experience with the communist movement since his childhood. He was born in Cairo. His parents belonged to the large Greek colony there. In 1921 his father founded the Communist Party of Egypt and was extremely active in spreading the teachings of Marx and Lenin throughout the Middle East.

He joined the party at the age of just 15. In the late forties he was sent to Greece to participate in the communists' battle against the compromise government that was formed after the liberation in 1944. The civil war was extremely bloody and ended with the defeat of the communists. Thousands of communists were imprisoned and the party was banned.

About 50,000 fled, however, including Yannakakis. "I went to Czechoslovakia where I taught Greek children whose parents had been forced to flee."

Fell Into Disfavor

During the following years he had his ups and downs. Yannakakis and other Greek communists in Czechoslovakia fell into disfavor in connection with the trial against party leader Rudolf Slanski (he was executed for treason in 1952).

"I was sentenced to forced labor and spent 3 years in the mines of northern Czechoslovakia," he said.

In 1956, however, Yannakakis was rehabilitated. A "mistake" had been made, according to the authorities, and his party membership card was returned to him.

It was the Soviet invasion in the fall of 1968 that finally convinced Yannakakis to leave Prag and Eastern Europe. He was one of the Greek communists who supported Alexander Dubcek, Oldrich Cernik, and others who fought for "socialism with a human face."

Yannakakis said he had been warned of the invasion by friends and he decided to flee. He went to France and settled in Paris, where he has lived since then. There he has made a thorough study of the communist system.

Access To Secret Archives

Previously, as a party member, Yannakakis had learned much about Eastern European affairs. "Among other things, I learned that the Czechoslovak security service is the most efficient in the East after the KGB and that the Eastern countries place what they call 'sleeping agents' in the West."

As one of the most revealing examples of such an agent, he mentioned Gunter Guillaume, then-Prime Minister Willy Brandt's personal adviser, who was exposed as an East German spy in April 1974.

As an historian, Yannakakis also had access to many secret archives in Prague. Among the names he saw in these archives were those of Julius and Ethel Rosenberg.

Yannakakis is convinced that both worked for the Soviet Union.

"My understanding was that Ethel was primarily responsible for delivering information on the American atomic bomb."

Financed Newspaper

The name Boris Pankin did not appear in any papers from that time. His name came up frequently, however, when Ilios Yannakakis and journalist Paul Anastasi began to study the so-called ETHNOS affair in Athens.

Anastasi wrote a book about this remarkable affair, while Yannakakis presented the results of his research in the French newspaper L'EXPRESS (13 April 1984). Anastasi has paid dearly for his work. Last year he was sentenced to 2 years in prison for libeling George Bobolas, one of the editors of ETHNOS. His case now has been reopened.

According to the investigations of both men Boris Pankin, as head of the Soviet copyright office (VAAP) led negotiations with ETHNOS leaders. Here he demonstrated his skill as an expert in disinformation. The negotiations took place in both Moscow and Athens. According to Yannakakis, the result was that Moscow financed the newspaper, the first edition of which appeared in September 1981, i.e. just several weeks before Socialist Andreas Papandreou took home the election victory.

In addition to Bobolas, other participants from ETHNOS included editor in

chief Philippopoulos and Yannis Yannikos, "with a past history as a communist and as a businessman with contacts in the East."

Berlin Wall: Peace Wall

Yannakakis cited the following as examples of disinformation spread by ETHNOS (also published in L'EXPRESS):

1. Solidarity in Poland has been described as a tool of the American intelligence agency, the CIA, and of the Vatican. Solidarity was said to be financed by the Mafia.
2. The Afghani guerillas have been called bandits, "paid to commit the most serious crimes against the people."
3. In a story last year the newspaper stated that the Berlin wall was a "peace wall" and called the Soviet Union the "first nation of peace in history."
4. The shooting down of the South Korean passenger plane last fall was seen as an "intentional provocation by the CIA and an attempt to spy on the Soviet Union." According to ETHNOS, 2,000 people were killed during the first day of the American invasion of Grenada.

According to Yannakakis, these are only a few examples of the disinformation the Russians have managed to spread with this evening paper which, with a circulation of 180,000, is the largest in Greece.

Why is Moscow attempting to destabilize Greece and spread its propaganda there?

"There is fertile ground for such propaganda in Greece," Yannakakis answered. There are latent anti-American feelings, while the communists who were defeated in the civil war are now treated as heroes. Many of these communists returned after receiving an amnesty and the Communist Party is strong.

According to Yannakakis, the Soviet Union wants to drive a wedge into NATO's defenses on its southeastern flank and make Greece more willing to cooperate. Here he used the word "Finlandization."

Important In KGB

What indications are there that Boris Pankin is a high-ranking KGB agent and a Soviet expert on disinformation? And why would he have special connections with the Kremlin leadership?

My experience tells me that the leader of the Soviet copyright office must have a high political position, as well as an important position with the KGB," Yannakakis answered.

After all, VAAP is not just any organization, he stressed. It was established

in September 1973 to represent the interests of Soviet writers abroad. But the money the Soviet Union makes on such deals is "small change" compared to what the Kremlin leadership may gain in the form of propaganda and insight into the affairs of other countries.

Insight In Publishers

As Pankin himself stated 2 months after VAAP was established, it would be the only legal office for negotiating with foreign publishers. Writers who made direct contacts with these publishers would be seen as lawbreakers.

Yannakakis' thesis is that, in this way, VAAP and Boris Pankin could gain insight into the activities of foreign publishers and better control underground literature coming from the Soviet Union. Representatives of VAAP, one of whom was sent to Stockholm, could also make informal contacts in the mass media for the purpose of spreading disinformation.

According to Yannakakis, Boris Pankin is the prototype of a KGB man specializing in disinformation. He gives the impression of being a pleasant person with a "literary" past and no demonstrable connections with the intelligence service.

Yannakakis is also convinced that Pankin is firmly rooted in the party, since he was editor in chief of the Komsomol newspaper KOMSOMOLSKAYA PRAVDA.

"Thus, it was no coincidence that Pankin was sent to Stockholm after the U-137 went aground," Yannakakis said. He had not only a direct line to the Kremlin, but also the possibility of establishing high-level contacts with Swedish authorities. He may even have had the power to make his own decisions in this sensitive situation. Of course, it is extremely unusual for Moscow to use a KGB man as an ambassador in the West, but this was apparently believed to be necessary because of the submarine affair.

Take Intrusions Seriously

But why would Pankin's task include "keeping an eye" on the situation in Poland?

This was simply because Stockholm is a very good place to obtain and exchange information, according to Yannakakis. "This is my experience from my time in Prague. From Stockholm a Soviet ambassador can also observe reactions in the West and exercise some control over Polish emigrants. Pankin is certainly a man who can do the job."

We returned to the submarine intrusions and Yannakakis maintained that, in addition to strategic objectives, the Soviet Union also wants to test not only the Swedish government's behavior in such situations, but also learn how the other countries in the Western world react.

For this reason, Yannakakis believes that Sweden must take these intrusions

most seriously and not try to explain them away.

Rule The Sea

The Socialist government of France seems to be thinking along these same lines, to judge from a conversation I had with a high-ranking official at the French Foreign Ministry. He even spoke of the "pessimism" many in France feel toward recent developments in northern Europe.

"Everything that happens in the Baltic Sea is part of the Soviet Union's naval strategy," he said. "The same is happening in the Sea of Japan."

According to this official, the Soviet navy wants to be absolutely sure it can rule both these seas in the event of a major conflict.

Confrontation Unavoidable

As the French strategists see it, a military conflict in Central Europe will unavoidably lead to a confrontation in the Baltic Sea. For this reason, the Russians are interested in learning as much as possible about these waters, testing their equipment, and being able to control passage to Norway, according to the French official.

He said that Soviet leaders were deeply concerned about NATO installations in North Norway. This is especially true of the warning systems and air bases. This concern should not be interpreted as propaganda, he said. He also warned that the Russians could overreact.

"We are worried, extremely worried," he said. He stressed the need for negotiations between the major powers. "The situation is extremely dangerous."

Had Enough

Ilios Yannakakis maintained that the situation in Poland was a major factor in the increased Soviet activities in the Baltic Sea. He also warned against Moscow's efforts to destabilize countries in the West and spread disinformation there.

"Moscow finances its operations through a number of channels, including some in Luxemburg, I believe," he said. He said his next research project would be to investigate how this money is "laundered" so that it may be distributed to Eastern bloc agents and sympathizers in the West.

He has done all this since he left the Communist Party. "I have had enough," was his final remark.

9336

CSO: 3650/218

NOP'S SUNALP DEFENDS PARTY STABILITY, DEMOCRATIC CHARACTER

Istanbul CUMHURİYET in Turkish 24 Apr 84 p 7

[Text] Asserting that the internal problems of the National Order Party (NOP) have been exaggerated, the party's general chairman, Turgut Sunalp, has said that "there is no split among us."

Sunalp said that if it had not been for the renewal movement in the NOP it would have been ruined, and he had this response to those who are calling him a dictator: "They call me a dictator, but I am the most democratic leader."

The NOP leader maintained that people who entered the party thinking it would be in power after the 6 November elections and "those who withdrew in exasperation at the veto affair made an assault on the party." He said that "every political party is destined to have this sort of affair."

Asserting that the party is an alternative to the government and is the regime's insurance, he responded as follows to a CUMHURİYET correspondent's question about post-election developments in the NOP:

"We think that a faith, a philosophy, must be created for the sake of Turkey's destiny. Just as we are gaining the approval of the great majority of the people on the center right, there also needs to be a party like ours on the center left. We earnestly want things to progress in such a way that the nation will choose one party when it tires of the other, then another when it tires of the first, with the two not being each other's enemies but sharing the same goals. One-party democracy is impossible. There also needs to be small parties defending particular views. This is the democracy Turkey needs. We are not compromising it. We are, therefore, being pressured to change leadership. We have not succumbed to the pressure but have maintained our leadership.

"Certain of my friends wanted to leave, and I implored them to stay. A change of leadership after elections is natural. If my friends had not been swept away by the idea that the party needed to be freer, it would have been natural to include those of them from the former leadership in the current one. We held a congress. We responded very ably to those who considered themselves the party opposition, even if they are not members. There is no split in our party. One friend of ours made a declaration that went as far

as to attack me, and the congress did not approve. Whether you believe this or not, it is so. What did they expect? They expected Turgut Sunalp to resign and the rules to change."

Sunalp went on to say:

"It is being said that I am not suited to holding positions because of my origins. They call me a dictator, whereas I am the most democratic of the political party leaders. I am the chairman who has implemented internal democracy most comfortably. Certain trends have gotten into the party in the present period. Proposals have arisen to the effect that we should merge. But they have all proven bankrupt. We have united neither with the Motherland Party nor with the True Way. But we are always united with our patriotic friends in Motherland. It is the governing and organizational system of those parties that we do not agree on. We have attacked these things. Our doors are certainly open. Those who have begun to realize the truth will be arriving soon. We will include them, too, in the hierarchy. We will not use them for election purposes. Our aim is to establish democracy."

Sunalp said about the matter of the 35: "If there had not been a renewal in the party, the crooks might have succeeded. Why? They could have said 'You are controlled by the general chairman and his friends.' But the change of leadership came about under perfectly normal conditions. The party did not submit to the 35. It is natural for changes to have been made after 25 March. This is unrelated to the incompetence of friends."

12556

CSO: 3554/213

MUMCU PLEA FOR END TO SOCIAL NEGLECT, ABUSE OF YOUTH

Istanbul CUMHURIYET in Turkish 24 Apr 84 pp 1, 11

[Text] You read in yesterday's CUMHURIYET that there are no schools in 1,700 villages and that only one of every eight children in primary school reaches high school. The number of handicapped children exceeds 1.3 million. Only 17,000 out of 5 million children needing care can be cared for. One and a half million children between the ages of 12 and 14 are forced to work. There are 28,000 mothers between the ages of 12 and 14. Each year 131,000 children under the age of 1 die, as do 30,000 between the ages of 1 and 4, and 4,800 between 4 and 18.

Out of 6.5 million primary school students, 22,000 go to private schools, and of 1.5 million secondary school students, 16,000 go to private schools. Only 9,000 students are accepted into these schools each year.

Such is the statistical profile of injustice in the children's sector. In providing these figures, CUMHURIYET published its most realistic, accurate and best researched article of its 26 April edition.

This, you see, is the problem: to open schools in 1,700 villages that lack them, to maintain an avenue of secondary education for every child who finishes grade school and to find employment for youths finishing school.

Our duty as writers is to expose these injustices.

Look at the young kids shining shoes in the streets. They, too, are children. Look at the faces, the eyes, in automobile shops, the apprentices covered with oil. Again, children. Look, on the illuminated boulevards of major cities, at tiny children wiping windshields with the filthy rags in their hands, throwing themselves in front of cars to get 5 or 10 piastres in bakshish. Yes, they are children as well.

Our hearts cannot but go out to these children. If we cannot extend a helping hand to 5 million children needing care, if we compel 1.5 million children to work just for food, if we cannot prevent the deaths of 35,000 children per year, can we as a nation be said to be doing our duty to children?

The duty of the state is to provide equal service to all citizens. There are no arithmetic gauges of equal service, but if 1,700 villages lack schools, if 5 million children are in need of care, if 35,000 children die of disease each year, if 1.5 million children are forced to work in the most onerous jobs just for their food, then it is a question of undischageable duties and unfulfilled services.

Together let us find solutions to these injustices. First, let us consider what the reality is, then solutions.

There are those who will say "We are progressing."

Every living organism grows. Doubtless Turkey is progressing and growing in certain sectors. Certain sectors of society, we know, surpass Europe's wealthy in conspicuous consumption. While society is growing in certain sectors, in others people are being driven into destitution.

The sybaritic standard of living that the old leftist writers used to call "playing the duke in Istanbul" now invariably makes these leftist writers the relish of business meals. In today's atmosphere of European affectation and luxurious living standards, how many boiled brain salads eaten with crumbs of philosophy have gone down oblivious throats amid every sort of injustice and idle chit-chat?

No longer do villages without schools occur to them--nor 5 million indigent children, nor children forced to work till midnight to eat a bite.

Their only thought is to go around with supercilious chuckles in the privileged confines of this warped order, and to be the ornaments of holding companies' tables, business meals and chic salons...

And, confronted with those who write and describe such great injustice, to sneak away and obfuscate, so as to attract applause from the business-lunch crowd...to begin needling with witty protest those who are combating every sort of murderous organization and the underworld.

The injustices in the society in which this writer lives make a writer's duty clear. If in a society there are 5 million children lacking care and 1,700 villages without schools, if 35,000 children die each year and if 1.5 million are forced to labor, that society is not cheered at an order of things contracted out to three or five export companies, thinking "liberalism has arrived."

If an inveterate progressive cheers such an order, he is holding himself up to ridicule.

This is a tough road. How tough? One must ask those who have traveled it for years, those who are returning along it frightened by a 3-5 month prison term.

Orhan Veli asked years ago: "Is this the order that is to be?"

12556

CSO: 3554/213

KOHEN ON POSITIVE TURKISH STATUS IN COE, UN

Istanbul MILLIYET in Turkish 10 May 84 p 2

[Article by Sami Kohen in column "Window on the World": "From Council to Council"]

[Text] Turkey is taking tough exams in two different "councils" this week. But, so far, the results of both are looking good.

One of these exams, in Strasbourg, has to do with Turkey's membership and political status in the Council of Europe [COE]. The other, in New York, involves the Cyprus problem, which has again appeared on the UN Security Council agenda.

The progress and atmosphere in both councils are at the point that Turkey can start to breathe freely. That is, we can stop worrying at least about failing these two exams.

However, there are lessons to be learned from both incidents.

It is necessary to study them well.

In comparing the discussions which have been going on since the first of the week in the various organs of the COE and the reports being presented for a vote with those of a year or two previously, one can see clearly how much the atmosphere of this fairly sensitive international organization has changed towards Turkey.

Some parliamentarians, it is true, are still under the influence of ideological obsessions and have not much changed their former attitudes towards Turkey. But the majority -- including a significant segment which until recently comprised the front-row critics -- feel that Turkey is on the right track today and, therefore, ought to take its place in this community.

Doubtless, the effect on this is great of the steps Turkey has taken in recent months towards restoring civilian government and democracy. Too, prudent gestures such as opening the doors of the "Turkish prisons" which had become such a controversial issue in Strasbourg and other capitals aided the European parliamentarians in changing certain misconceptions and prejudices.

Turkish parliamentarians are now returning to the COE Assembly. This implies Turkey's resumption of its seat in the "democracy club."

This position by the COE will prevent Turkey's "alienation" from Europe. Admittedly, recent COE behavior has caused the spread in many circles in Turkey of ideas and tendencies such as, "Europe does not understand us," "We do not belong in Europe" and "We must seek other alternatives than Europe." True, Europe has sometimes failed to understand us properly, has even sometimes been unjust and behaved badly. If this attitude had continued, Turkey would perhaps have been pushed into a "search for some new options" that it did not want. Fortunately, common sense and realism prevailed in the Council. The effort by a few Greek and leftist parliamentarians to break Turkey off from Europe or alienate it was in vain.

Although the Council ratified Turkey's membership, there were certain desires and wishes related to new steps being taken towards restoring democracy. It is necessary to look upon the strong trend which appeared in the Council as regards broadening the democratic rights and freedoms as a request and recommendation expressed with good will.

In other words, we must not look upon such wishes of the Council as "interference in internal affairs."

They are sincere desires and recommendations of parliamentarians and leaders who see the Council members as individuals in the same family and who harbor no prejudices or grudges against Turkey.

We must not close our ears to them.

What is happening in the Security Council is nothing other than a rerun of an old scenario.

The Cypriot Greeks appealed this time to this 15-member body of the United Nations, hoping to put Turkey in the guilty seat, and, depending on the support of the nonaligned group, tried to get Turkey punished for establishing diplomatic relations with the Turkish Republic of Northern Cyprus.

But the Kyprianou administration understood early on that it could not get the result it wanted.

The Western nations, the United States in the lead, made it clear that they will not permit such a resolution against Turkey to pass. It is necessary to make note of this positive Western attitude.

Differences of opinion also emerged within the nonaligned group. Countries such as Pakistan, Egypt, Peru and Malta opposed taking economic and political measures against Turkey.

However, it is true that some of the nonaligned nations willy nilly supported Cyprus. How odd that the representative of a country like Vietnam should speak in the Council of the Turkish "occupation" and request measures for the withdrawal of Turkish troops from the island. The same Vietnam which has ignored UN resolutions to make Kampuchea into a colony and has had to declare war against opponents of this occupation!

All of these conflicts aside, even Kyprianou most likely no longer expects such an absurd resolution as punishing Turkey to pass the Security Council.

Unfortunately, he knocked at the wrong door in bringing the problem to this forum in spite of numerous warnings. For not only can he not get the kind of resolution he wants, but he has handed the Turkish side a trump card that he did not intend.

8349

CSO: 3554/227

AIRLINE MAY BUY JETS, LEASE TO AIR FORCE

Vienna DIE PRESSE in German 24 May 84 p 1

[Editorial report: "Are the Austrian Airlines Procuring Interceptor Aircraft?"]

[Text] Vienna--Will a subsidiary of the Austrian Airlines [AUA] procure the interceptors needed by the Federal Armed Forces and lease them to the army? Defense Minister Frischenschlager confirmed yesterday during a press conference that this is currently under discussion. If it comes about, the armed forces would receive the aircraft on a lease arrangement from an AUA subsidiary. While the defense minister talked about this in relatively vague terms, DIE PRESSE has heard that plans for this have made considerable progress and that the cabinet ministers concerned, Frischenschlager and Salcher (on the financial side) are definitely interested in it.

The situation at present is such that AUA wants to establish a subsidiary company named "Austrian Aircraft Corporation" [sic] which would be responsible for furnishing to the armed forces interceptor aircraft, for maintenance of the aircraft and for the selection and flight training of the pilots. The company would finance the procurement of the aircraft in the following manner: a small part would come from the federal budget, the rest from outside financing, possible via lending institutions.

AUA would be the majority stockholder in the Austrian Aircraft Corporation, but there would be participation also by major Austrian industrial concerns which have a "close technological relationship" with the aircraft industry, e.g., the Ranshofen Aluminum Works or the VEW [Association of Austrian Power Stations]. Inasmuch as "the operation of such aircraft requires highly qualified people," the AUA subsidiary would take care of not only basic training, but also advanced pilot training--in other words, there would be some intermingling between AUA and Armed Forces flying personnel. According to Austrian Airlines sources, this has long been a recognized fact in Switzerland; there is close cooperation between Swissair and the Swiss air force.

The Swiss example gives additional food for thought to the proponents of an AUA-Armed Forces lease-purchase agreement with respect to joint operations beyond the country's borders. AUA and Swissair have for a long time had an

agreement for joint maintenance of DC-9 aircraft. They believe that military equipment could be handled in the same manner. If this manner of financing is agreed upon, this would be one of the reasons for procuring the Northrop F-5 "Tiger" as the interceptor. It is in use by the Swiss armed forces as well.

9273

CSO: 3620/322

SUBMARINE NAVIGATIONAL TRAINING AT TOULON NAVAL BASE

Paris COLS BLEUS in French 19 May 84 pp 4-7

[Article by Rene Guillemin]

[Text] Centered on L'Herminier Barracks^{*}, the Toulon submarine base is vast and complex. Capt Guilhem Ducleon commands the Mediterranean submarine flotilla, the base, the submarine navigation school, the Commission on Applied Submarine Research, and the naval torpedo plant.

One of those units, the submarine navigation school, is charged with training officers and crewmen, clearly an essential role. It occupies several buildings, of which one, quite recently built, is specially reserved for the nuclear attack submarine (SNA) school. For besides conventional submarines of the Agosta and Daphne classes, the Mediterranean flotilla includes our first SNA, the Rubis, to be joined in June by her sister ship the Saphir, now undergoing extensive sea trials. Her standby crew is already at Toulon and is in training, particularly on simulators. Three more SNAs of the same class, now under construction or on order, will in their turn be assigned to Toulon. Programmed building, we recall, provides for eight SNAs, to be deployed half the time in the Mediterranean and the other half in the Atlantic.

The coming of nuclear submarines to Toulon has profoundly changed the activities of the base. All problems of personnel, materiel, and utilization had to be rethought as they concern the school, the base, the flotilla, and of course the shipyard organized by the DCAN [Naval Construction and Armaments Directorate] for maintenance and refitting of SNAs. A new atmosphere can be said to prevail over the whole Missiessy sector.

Submariner Training

Cdr Harismendy is director of the submarine navigation school. He heads three branches, each commanded by a lieutenant commander or senior lieutenant: the diesel-electric submarine branch, SNA branch, and operational training branch. The school's complement numbers 40 permanently assigned

*In 1960 L'Herminier Barracks replaced the old aircraft carrier Bearn which housed the offices and materiel of the submarine base.

members. But how does one become a submariner? First, by volunteering. Let us take a young enlistee just out of a specialized school. During a 6-week course at the submarine navigation school he is taught the general operation of a submarine, then trained for his on-board assignment as helmsman, diesel engineman, etc. Seven such courses are held each year. The failure rate is low. Our young bluejacket now has his basic submariner's certificate. He embarks aboard a unit of the Daphne class, for example, and takes part in exercises and extended dives. He soon comes to value the submariner spirit--one of seriousness, competence, and friendship. A first cruise, followed by a second, matures a man. One fine day, with his petty officer second class rate on his arm, we find him back at the submarine navigation school, this time for the advanced course, which lasts 8 weeks. Our young petty officer now has 3 years' service. He takes another course, more complete than the first, in general submarine operation. Then he is trained as a compartment chief; he will become, for example, chief of a diesel engine room or operations center. Those are no slight responsibilities! Our petty officer second class will be proud of his senior submariner's certificate.

Are there special courses for SNA personnel?

"Yes," replies Cdr Harismendy, "in fact, during the early training stages we already select the men to be assigned to SNLEs (nuclear-powered ballistic missile-launching submarines) or SNAs. The SNA submarine navigation school admits for the most part petty officers with advanced specialized certificates."

The submarine navigation school also conducts short training courses for selected specialists as noisemaker classifiers, for example. This course lasts 7 weeks. A good classifier is a real asset to a submarine tracking an enemy in the depths.

The bakers' course is no less useful, for good bread, they say, helps make a good sailor. Maitres d'hotel, stewards, and cooks are trained for that purpose.

Submarine Officers

A young ensign attracted by submarine navigation first of all takes part in a generalized submarine familiarization course. Three such courses are given each year between May and October.

Following a cruise in a submarine, the young officer is usually assigned to a specialized school before he rejoins the submarine navigation school. This time he is taught, as it were, the philosophy of the trade. Particular features of each unit's construction are explained to him by marine engineers. At the Fleet Training Center (CEF) the emphasis is on navigational and operational training.

Insignia now begin to decorate our ensign's breast. He first receives a general submariner's certificate, then the certificate of proficiency in submarine navigation. For SNAs, the special training reserved for officers lasts from 10 to 12 weeks.

All submarine officers are trained at Toulon, which is in truth the Mecca of submariners. Before embarking on an SNLE, officers take a preparatory course for service on that type of submarine. We add here that SNLEs can provide direct on-board training for seamen first class and petty officers at Brest.

Simulators

The submarine navigation school (ENSM) has many lecture rooms both large and small. Instruction is often given to small groups corresponding to the multiple functions performed aboard a submarine. Practical training may be given in part ashore thanks to various highly perfected simulators for SNAs and for Agosta and Daphne class submarines. They are of tremendous service not only for training of future submarine officers, but for that of crewmen as well. Submarines of the Mediterranean flotilla use the school's simulators, with the latter then playing the role of a service facility.

The simulator for nuclear attack submarines began service at the same time as the Rubis, the first SNA. A submarine cross-section on a mobile platform is equipped with all control devices. The platform assumes inclinations due to rolling, pitching, and diving or surfacing orders. The monitor can program such operational or combat incidents as leaks, fires, jammed helms, etc. Crews in training thus acquire the sound reflexes which may one day be decisive at sea. The SNA nuclear propulsion simulator is equipped like the propulsion control station of a submarine. Before lighted panels, senior or chief petty officers stand watch under the supervision of a "nuclear propulsion electro-mechanical engineer." This is a new specialization, carrying the single rank of warrant officer. Hence highly valued technicians hold this post, aboard an SNA or before a simulator.

"Is the submarine command course a responsibility of the submarine navigation school?"

"No, that course is organized by ALSOMATT [expansion unknown] and includes training ashore and at sea through the cooperation of ships of the Atlantic and Mediterranean fleets."

The submarine navigation school has the advantage of existing within an operational unit, the Mediterranean submarine flotilla. It can thus evaluate the practical application of its teaching and study, after a slight time lag, the logs of training exercises. Submarine staff officers serve as school examiners, and the school functions as a faculty which can watch its former students at work. Many other naval schools regret they do not have such a valued follow-up opportunity.

DETAILS ON 'ASTRAPI' NAVAL MANEUVERS IN AEGEAN

Athens ENA in Greek 31 May 84 pp 91-92

[Excerpts] The "Combat Information Center" [CIC] of the frigate "Limnos" was half-dark. The many-colored buttons, the luminous screens and the men bent over complex machinery brought to mind electronic game rooms.

Two faint blips appeared on the surface radar. The operator of the radar pressed a few buttons. Within seconds the identification was made: they were two enemy missile patrol boats.

Within fractions of a second the information was transmitted to the fire control radar [FC], the location and "bracketing of the target" were made while the call to battle stations was sounded simultaneously.

The captain ordered, "Fire!"

Two surface-to-surface missiles were launched. After a short while the blips on the radar that represented the two missile patrol boats were no longer there...

Another exercise of the frigate "Limnos" had ended successfully.

The "Astrapi" [Thunderbolt] naval exercise was a small-scale one. It was a technical exercise and aimed at improving the cooperation of surface ships with submarines, aircraft and helicopters.

We followed one phase of this exercise in the Myrtoon Sea from the bridge of the frigate "Limnos."

Let us introduce our "host" on the FF "Limnos," which, together with the frigate "Elli," constitutes the cream of our fleet. The above-mentioned frigates of the Kortenaer class were built in the Netherlands. They have a length of 130 meters and a width of 15 and a crew of 198 men. They have a speed of more than 30 knots. Their armament includes eight American "Harpoon" surface-to-surface missiles with a 110-kilometer range, eight "Aspide" anti-aircraft missiles with a maximum range of 15 kilometers, two 76 mm. "OTO Melara" guns with a firing speed of 80 rounds per minute for action against targets at sea or in the air with a range of 15 kilometers. On each side of the vessel there are also two torpedo tubes as well as two Offboard Chaff Countermeasures systems for anti-missile protection.

The electronic and radar systems of the vessel are technologically modern.

The ship is designed for long-range operational use and for action against aircraft, surface ships and submarines. It has the capability for damage control during combat and can carry out missions under radio-biochemical warfare conditions. In a special hangar, the ship carries two helicopters for anti-submarine warfare [ASW].

Commander Themelidis is the captain of the "Limnos."

Finally, the second frigate of the Hellenic Navy was named "Limnos" in honor of the Limnos naval battle which took place on 5 January 1913 near the coast of the island bearing the same name.

Exercises of 80 Days a Year

"The operational readiness of our fleet is at a very high level," Commodore Katagas, commander of the destroyers of the fleet, told us. He directed the exercise from the "Limnos." He added, "Both the destroyers and the frigates and the other ships of the fleet spend at least 80 days at sea on exercises!"

"I can give assurances that the combat readiness of the fleet is at a very high level and this is recognized by everyone."

We had the opportunity to ascertain the truth of this statement. According to the scenario of the exercise, the frigate "Limnos" together with the destroyers "Kriezis," "Koundouriotis," "Miaoulis," "Sfendoni" and "Velos" were to neutralize an enemy attack against Greece's maritime space.

The exercise began with a hypothetical fire. Within a few minutes the fire-fighting unit had, with efficiency and speed, put out the fire.

Near Aigina two destroyers, the "Koundouriotis" and the "Kriezis," came alongside the "Limnos" and the mail was exchanged.

A little later, the destroyer "Kriezis" came close to the "Limnos" at a distance of 50 meters for a personnel transfer drill. Quickly an aerial bridge [bosun's chair] was rigged between the two ships. The "passenger" over the aerial bridge was Commodore Katagas, commander of the destroyers.

During the time remaining prior to the next drill, we were taken on a tour of the ship. The neatness and cleanliness were admirable. The ship's captain, Commander Themelis, welcomed us on the bridge.

"Some of the ships of the fleet may be old," Commander Themelidis told us, "but the hands of the Greeks were able not only to maintain them in excellent operational and combat readiness, but to operate with distinction in all the exercises."

We went down to the engine room. The two Rolls-Royce Olympus power plants of 56,800 HP made a deafening noise.

Shortly after noon, the frigate "Limnos," escorted by the destroyers "Miaoulis," "Koundouriotis" and "Kriezis," came into contact with the "enemy" in the area of the "Karavia" rocks, between Milos and Falkonera.

The ships' guns were menacingly pointed at the "enemy vessels." Their firing shattered the peace of the area. One after the other the guns "emptied their shells" with astounding accuracy and they tore their targets to pieces.

In the meantime, one of the ship's helicopters, especially equipped for anti-submarine operations went on reconnaissance in the area of operations. One of the helicopter pilots told us later about the Agusta Bell 212 helicopters and the pilot's job:

"The 212 helicopters have capabilities for anti-submarine warfare as well as for surface warfare. Some are equipped with special systems for electronic warfare. They can transport anti-submarine torpedoes as well as AS-11 and AS-12 air-to-surface missiles.

"The pilot's job, on the other hand, is not an easy one. Great dedication and will power are needed to overcome the difficulties. At this moment I can solemnly state that the Greek pilots are excellently trained and they have demonstrated it repeatedly."

A few hours later, the submarine "Nirevs" requested the assistance of the frigate "Limnos" to evacuate a sailor. One of the ship's helicopters picked up the sailor from the submarine and evacuated him to the Athens Naval Hospital.

At one point two missile patrol boats approached the "Limnos." They were of the "Combattante" class. Small and maneuverable vessels, they are equipped with relatively strong armament: two 76 mm. OTO Melara guns, two twin anti-aircraft guns and the weapon that became a nightmare for the British in the Falklands War, the "Exocet" missiles.

It is significant to note that six of the patrol boats were built in Greece.

In the event of war, the Aegean would be a perfect hunting ground for these small ships. Taking cover behind the thousands of rocks, they can launch their deadly missiles without even being detected.

The professional qualifications of both officers and men are high and when you have spent a few hours with them you take it for granted.

9731

CSO: 3521/259

NATO THREE PERCENT SPENDING INCREASE NOT MET

The Hague ANP NEWS BULLETIN in English 23 May 84 p 1

[Text] The Hague, May 22--The government came under fire from its own supporters in the Senate today for failing to keep up with a NATO target of increasing defence expenditure by an annual three percent in real terms.

Liberal spokesman A. van Bemmelen said he expected the government to adhere to its declared policy of returning to the three percent NATO norm from 1987.

At present the government has committed itself to an annual two percent increase in real defence spending until 1986 because of economic constraints.

Van Bemmelen said that if economic recovery would allow Holland to return more quickly to the NATO norm his party would welcome this.

The Liberal spokesman said increased defence spending was necessary to modernise NATO's conventional forces and thus reduce the alliance's dependence on its nuclear deterrent.

Christian Democratic Senator K. de Vries said that in the period 1979 to 1983 a gap of 2.5 billion guilders had opened between actual defence spending and the amount set under the NATO target.

'Disaster for Holland'

De Vries said this meant that, as far as growth in real defence spending was concerned, Holland had slipped to near the bottom of the list of alliance members.

He cited a letter from outgoing NATO Secretary General Joseph Luns last year which said the Dutch defence effort was below the NATO average although the country's national income exceeded the alliance average.

Pacifist Socialist Party Spokesman Bram van der Lek attacked the government's defence memorandum calling it 'a disaster for Holland and the world.'

The Dutch defence budget for 1984 amounts to 13 billion guilders, roughly 3.3 percent of the gross national product (GNP) which the government says is roughly equal to the defence effort of Belgium and West Germany.

CSO: 3600/36

PREPAREDNESS MEASURES TOUGHENED AS SUB DEBATE CONTINUES

Sub-Storming Unit Trains

Stockholm SVENSKA DAGBLADET in Swedish 12 May 84 p 7

[Article by Roger Magnegard]

[Text] Soldiers are now training on Swedish submarines in order to be able to storm and capture a foreign underwater vessel that has been forced to the surface.

These special groups are part of the plans Vice Admiral Per Rudberg, the chief of the navy, has for stopping the violations. His goal is to have two or three complete submarine-hunting units by the end of the 1980's--"in order to create confusion as to where and how strong they are."

In each unit there is a sub-hunting plane--a small airplane equipped with special radar, heat-seeking equipment and possibly a magnetic measurement system. However they are too small to be armed.

Two sub-hunting helicopters equipped with depth charges, incident torpedoes, Elma minibombs and hydrophones should be capable of being airborne at all times during a hunt lasting 2 or 3 weeks.

Two coastal corvettes along with two patrol boats will represent endurance and armed intervention by surface vessels.

Equipped with advanced high-frequency hydrophones, one or two minesweepers will be able to search the bottom and find submarines lodged there. In addition the minesweepers can provide firepower and armed intervention inside the islands.

In future incidents two Swedish submarines will also be sent to the area--to lie on the bottom and listen for sounds from the intruder. The subs will get new torpedoes and better hydrophone and analysis equipment.

Small groups of five or six men with one officer will receive special training in boarding foreign underwater vessels.

To begin with they will train on conventional Swedish submarines, but the idea is to have them train on URF--submarine rescue ships.

"Their size is probably more comparable to that of minisubs," said Captain Anders Timdahl, head of the navy staff's information section.

The task of the boarding groups is to get the crew of a foreign submarine to surrender as quickly and "bloodlessly" as possible.

The coastal artillery units will get their own sea transport vehicles--so they can move quickly to islands and skerries within the search area.

Per Rudberg is also planning to acquire submarine nets to block off areas that are being searched. The nets would indicate if anyone tried to pass through or cut them.

"We realize that we are giving the violating nation a chance to meet us with more sophisticated equipment," said Anders Timdahl. "But we hope that publicizing this will make them stop and think--is it worth investing even more in this while at the same time the risk of being detected has increased?"

Navy Chief's Submarine Defense Plan

<u>1983/84</u>	<u>1987/88</u>	<u>1991/92</u>
Limited stationary surveillance.	Substantially increased surveillance in priority areas. Some mobile surveillance of the archipelago.	Expanded surveillance in priority areas, supplemented by mobile surveillance in the archipelago
Tests with sub-hunting planes.	Three operative sub-hunting airplanes.	Three operative sub-hunting airplanes.
Seven heavy sub-hunting helicopters.	Fourteen heavy sub-hunting helicopters--some used for air rescue.	Fourteen heavy sub-hunting helicopters.
No coastal corvettes.	Two coastal corvettes with advanced sub-hunting equipment.	Six coastal corvettes with advanced sub-hunting capability.
One minesweeper.	Four minesweepers.	Six minesweepers.

Commission Rejects 'NATO Theory'

Stockholm SVENSKA DAGBLADET in Swedish 16 May 84 p 6

[Article by Erik Liden]

[Text] The chairman of the Submarine Defense Commission, former Defense and Foreign Minister Sven Andersson, totally rejects the theories of NATO submarines advanced by journalist Anders Hasselbohm in his book "The Submarine Threat."

"There is nothing in the book to change the conclusions of the Submarine Commission," Sven Andersson said in a radio interview Tuesday. "We know that NATO submarines shadowed Soviet submarines in international waters in the Baltic Sea during the exercises that went on there but we have no evidence that they strayed into Swedish waters. I find that hard to believe."

Sven Andersson is also convinced by the measurements made of the U-137's hull in Karlskrona which were compared with the bottom impressions found in Danziger Gatt at the inlet to Mysingen. He also stressed that propeller noises from a Whisky submarine are significant.

In Hands of Military

"But I must admit that we were in the hands of military and civilian experts when it came to different interpretations of observations and the indications obtained by magnetic coils and the tapes made of hydrophone sounds."

Sven Andersson also pointed out that there is extensive daily Swedish surveillance as well as intelligence activity and signal reconnaissance.

"We know a great deal about what NATO submarines look like and therefore it would be hard to mistake them," he said.

All the members of the Submarine Commission felt Tuesday that Hasselbohm was captivated by the theories he presented a year ago in the newspaper DAGENS INDUSTRI, where he is employed.

Anonymous Source

Member of parliament Carl Bildt (Conservative) told the TT news agency that Hasselbohm has hung his theory on a very slender thread.

"Hasselbohm claims that a NATO sub was present in Harsfjarden and he bases this on an extremely anonymous source," said Bildt.

No military man, civilian expert or politician SVENSKA DAGBLADET talked to would support Hasselbohm.

"We are ready to discuss this if one of Hasselbohm's sources comes forward," said defense staff information chief Hans Dahlberg.

Palme Defends Commission Evidence

Stockholm SVENSKA DAGBLADET in Swedish 16 May 84 p 7

[Text] "The government approved the Submarine Commission's evaluation of the events in Harsfjarden and I have seen no material that would lead me to doubt that evaluation."

Olof Palme said this at a press conference in Mjölby Tuesday while on a visit to Östergötland County. He would not comment in more detail on the information in Anders Hasselbohm's book.

"The evidence was strong. So strong that the government could draw conclusions about the violations and the nationality of the perpetrators."

Olof Palme stressed that the evidence had not been equally strong in the case of subsequent intrusions.

The prime minister has a hectic schedule for the week, with a state visit by French President Mitterrand after the 2 days in Östergötland.

He said he had known Mitterrand a long time and that it is important that Sweden develop its relations with France.

In talking with Mitterrand, Olof Palme will take up international problems and Franco-Swedish relations.

At the press conference the prime minister also expanded on his view of the international situation. According to Palme it is marked by a rigid confrontation between the two leading major powers: "The situation is more deadlocked than I have ever seen it before."

Other major problems are poverty in developing countries and rising unemployment.

Soviet Admiral's Comments Analyzed

Stockholm SVENSKA DAGBLADET in Swedish 19 May 84 p 3

[Article by Stefan Hedlund]

[Text] Stefan Hedlund has a Ph.D. in political economy and is a specialist on the Soviet Union and Eastern Europe. The article by Gunnar Jervas appeared on 13 May.

Gunnar Jervas says that only by adopting a global perspective with regard to tensions between the superpowers can we understand the increasing Soviet activity in the Nordic region. By advancing its positions in our area the Soviet Union is supposedly trying to "compensate" for setbacks in other regions, mainly in the Third World.

In my opinion this is an exaggerated interpretation of both the coherence and the flexibility of Soviet foreign policy. The logical corollary of the "compensation argument" is that Soviet gains in one region should result in reduced activity in other regions, which seems less credible. Does Jervas reject the traditional "vacuum hypothesis," e.g. that the Soviet Union is consistently expansive in all regions and will immediately seize a chance to advance if it is given an opportunity to do so?

The argument that the Soviet Union has to seek areas for expansion where the costs will be low also seems somewhat forced: foreign policy expansion in one region hardly excludes similar attempts in another region unless the object is a purely military test of strength.

Important Lesson

Jervas' picture of the global situation and developments is undoubtedly quite correct and such things as the expansion of the Murmansk base could certainly not be explained from a purely local perspective. But it seems to me that a local perspective serves us well in explaining current events in our region; Soviet behavior in the Nordic region and in West Europe can be explained better in terms of local actions than in terms of military policy developments in other regions (with the exception of dramatic events such as the outbreak of a major war).

Thus as far as Sweden is concerned it is much more important to try to identify the reasons for Soviet policy toward our country than it is to search for a Soviet "grand design." On this point we can learn an important lesson from the Soviet "submarine diplomacy" of recent years: Sweden's role as a political actor does not seem to be taken very seriously in Moscow.

Only Sweden in the Dark

I do not intend to discuss diesel engines or whether or not Soviet submarines have operated in the waters above Operakallaren. Let us begin by assuming that Alsen, Wechselmann, Milstein and now most recently Wilhelm Agrell are right in saying that the Soviet Union actually does respect our territorial waters.

One of the advantages of engaging in such "forbidden" thoughts is that in this way one can expand one's understanding and this very "forbidden" idea has recently been advanced in an excellent way by Mats Svegfors on the editorial page of SVENSKA DAGBLADET. And if it is true that it is NATO subs that are operating in Swedish waters, is there any logic in Soviet policy then?

We must bear in mind that of all the countries in the region, only Sweden is in the dark about where the submarines are coming from. If they are not from the East, they must come from the West and it seems unlikely that the Soviet Union would quietly watch hostile submarine activity just a stone's throw away from its own vital interests in the Baltic Sea without even demanding increased Swedish efforts to clarify whether or not there really were any submarines involved.

Instead it is obvious that they have chosen to make fun of Sweden and question the existence of the submarines (most recently in the SVENSKA DAGBLADET interview of 13 May 1984 with Admiral Amelko). Sweden is insignificant but to challenge the United States with an obviously false accusation might have unpleasant consequences.

The United States is the major enemy. Seen through Moscow's eyes, democratic West Europe is an anomaly on the northwestern coast of the Asian continent. NATO can be explained as a hostile American bridgehead, but Sweden is not even that.

The Soviet nonchalance toward our country is striking even if we assume that there actually have been a number of Soviet violations of our territorial waters. A purely intuitive argument against such violations has long been that it is inconceivable that the Soviet Union would dare take the great risks involved in violating our territory, but what risk are the Soviets really running?

From a military point of view they risk losing a submarine, but the risk was a small one--and still is, even though it is growing. Sweden destroyed its sub-hunting capacity many years ago and in time people also lost their capacity for thinking of the "depths." We have not even invested in a Finnish-model passive stationary monitoring system.

Thus the underwater gates have been standing wide open and even under the first extensive hunts we persisted in dropping warning charges to force the intruders to the surface. Not until this year did the risk of military losses begin rising, but the situation of the Swedish Navy--in a technological respect--still resembles that of a man who tries to jump on a passing train in the twilight from a standing position--when the train might be a car driving across the tracks; the purpose must be achieved in other ways.

Illusory Risks

This leaves the political risks of the alleged violations and here too I maintain that the risks are illusory. It is hard to see what kind of evidence would induce the Soviet Union to formally admit an intentional violation of Swedish territory; incidentally, in the famous Ferm letter we saw a simple reply to this question: it will never do so!

It seems improbable that we will ever succeed in getting hold of a mini-sub. If we manage to set up a perfect barricade, the crew presumably has

orders and the means to totally destroy the vessel. And if we then get hold of a frogman with a Russian countenance, American passport and a broad Dalecarlian accent, what good will that do anyone? Even if we were able to force a "genuine" Soviet submarine to the surface and capture it with the help of the new navy storm troops, there is always the traditional explanation: where one can navigate one can also navigate incorrectly. We have seen enough examples in the Swedish media of what can then be done with probabilities.

The submarine problem is a political one and must have a political solution. This includes an expansion of our sub-hunting capacity as a politically necessary statement; we should not expect a military solution.

Troublesome Flare-Up

After what has been said above, it is hard to see what such a political solution would look like. But there is a crack--though a small one--in the Soviet armor. The mounting frequency of Soviet writers in the Swedish media--military men as well as journalists--can hardly be explained by a desire to earn fees in western currency. Nor is it likely that they are motivated purely by a desire to debate.

There is evidently something troublesome in the Swedish submarine debate and if we stick to the assumption that they disregard Sweden as well as Swedish public opinion we must seek another explanation. There is a very likely candidate here: public opinion in the NATO countries.

In recent years the Soviet Union has invested large sums in its peace movement and its West European suborganizations for the purpose of influencing public opinion in the NATO countries to regard Soviet nuclear weapons as "nice" and peace-loving while viewing similar NATO weapons as "evil" and belligerent. Even though they have not succeeded in stopping the deployment of new weapons in this way, the campaign has created a great deal of political confusion.

In this context, Swedish talk about nuclear-armed Soviet submarines establishing themselves in our archipelagos must be regarded as a troublesome political "flare-up."

Free Debate Abhorred

In the same way as vampires are said to abhor garlic, the Soviet authorities abhor free debate. Therefore David's slingshot should be loaded with the detested free words.

The Soviet naval attache said directly in EXPRESSEN (15 May 1984) that they will never accept any technical proof. The message is clear: stop this meaningless debate. Our reaction should be equally clear; we should continue to make a fuss.

U-137 Officers' Interviewer Comments

Stockholm DAGENS NYHETER in Swedish 27 May 84 p 5

[Article by naval attache Roderick Klintebo, former chief of the Home Fleet submarine flotilla and head of the group analyzing the U-137 incident]

[Text] Roderick Klintebo, now naval attache in London, was formerly head of the Gasefjarden analysis group. Klintebo interviewed the two Soviet Navy officers, Guschtyin and Awzukiewitz, among others. Here he gives his view of the debate on the U-137's assignment.

The debate in DAGENS NYHETER on submarine 137 has largely dealt with the submarine's navigation, its maneuvers and its propulsion alternatives. Gunnar Myhrberg, civil engineer, journalist and former officer in the commercial fleet, wrote on 26 April: "No vessel on an intentional espionage mission would drive (sic!) at such a speed in these waters." Aside from the fact that unintentional spy missions are presumably uncommon, 8 knots is a relatively low speed in the archipelago.

The commanders of ships in the Swedish Navy can sail their vessels at considerably higher speeds even in narrower areas than Gasefjarden--and that includes submarines!

After that Myhrberg took up gyrocompasses of the Anschuets type. My investigation on board showed that the compass was of this type and that the auxiliary compasses were this brand. It is correct, as Myhrberg said, that the compass can drift from the set course or that it can lock. But if it locks one notices it right away, because then it stands absolutely still.

According to Captain Awzukiewitz they tested the gyrocompass after they ran aground and found that it drifted from +30° to -30° in a 90-minute period. If his statement is correct, all discussion concerning a direct course is meaningless--the submarine would then have changed course at the rate of 2/3 degree per minute.

Myhrberg's next piece of circumstantial evidence is that the "U-137 sailed into Swedish waters with its diesel engines droning." At 8 knots no submarine engines drone--but they can be heard for several hundred meters. Just think how strange it would be if a radar echo at 8 knots moved silently through the darkness--no, if one moves at the speed of a fishing boat, it is probably better to act like one. Incidentally it would be interesting to know which of the participants in the debate has ever heard a submarine diesel engine. (Normally they are mounted in such a way as to sharply reduce noise transmission.)

When as head of the so-called analysis group I arrived in Karlskrona, the first thing we looked into was visibility conditions. We discovered that visibility in the archipelago area was limited (1,500 to 3,000 meters and

sometimes less), but out to sea off the islands, it was at least 10 km. This was also confirmed by the reporter on Ungskar and vessels sailing in Hanobukten on the night in question. When we came on board, Awzukiewitz confirmed the visibility estimate.

When asked how they could then have avoided seeing the Utklippan beacon, he replied that they had seen a light but thought it was a fishing beacon. There is no doubt that it was possible to see Utklippan from the submarine that night.

The investigation on board also began with the periscope--an old periscope but one with good visibility. The echo sounder mentioned in the debate was functioning, but it was tested where there was little depth beneath the keel. Thus it is not very remarkable that several bottom reflections were noted at each layer, especially since the sounder was an older model. Nor did the Russians on board claim there was anything wrong with the equipment.

The radio direction finder was checked on board by Captain Jan Stenberg, an experienced submarine officer and navigator. When we boarded this was set on the relevant range and gave fairly accurate readings. When asked why it was set on this range, which covers the coast of Blekinge, Awzukiewitz answered that just after they ran aground, despite the somewhat crumpled antenna, they wanted to determine their position and found that they were in Gasefjarden. Parenthetically, it is strange that they did not immediately sound the alarm to the Swedish authorities--at any rate it would have provided a good background for the later claim of faulty navigation!

The vessel's Decca receiver was of an older Soviet model and took 30 minutes to warm up. It was said to be in good condition. When I asked if it had been used, they said yes. When I pointed out that the hyperbolas (aids--lanes--on the sea chart for Decca navigation) were considerably closer together off the Blekinge coast than they are off Christianso where they said they were performing exercises, Awzukiewitz said that the submarine had turned so often during the exercises that they thought they were in the same lanes as they had been earlier. When I then pointed out that this kind of tight maneuvers would hardly have taken the submarine so far north or in any other direction, he was at a loss for an answer as he was when I pointed out that under any circumstances two Decca observations in a row indicate a northerly course regardless of any errors in the gyrocompass equipment. The distance covered was too short, however--which in itself should have been an excellent warning!

There followed a strange argument viewed against the background of the agreement reached on inspection of the nautical materiel. In response to my order, "Raise the radar mast," they answered, "Radar is not a navigational instrument." "Then when do you use the radar?" "We use it to measure the distance between us and other vessels." "Strange submarine tactics--is the radar never used for navigation?" "Yes, when we navigate close to shore--but since we did not think we were close to shore the radar cannot be regarded as a navigational instrument in this investigation."

The only thing left for the investigating group to do was to report the Soviet standpoint.

And it is not improbable that the radar was used for moving--a Soviet sub radar on this type of submarine is very like that of a normal fishing boat from a signal detecting point of view--unless it is used intermittently, which would reveal its presence.

Myhrberg said that "even if the U-137 lay flat on the bottom of Gasefjorden the entire conning tower would have been visible." Yes indeed, that is why they came in at night and presumably intended to leave the same night! But actually there is sufficient depth in the fjord.

In an article on 4 May Myhrberg continued to cite various statements. One Petter Sturkman said: "It came out of the southwest and entered making a terrible racket." How does he know? Did he see the submarine? How does he know that whatever he heard came from a submarine?

Another man, Bertil Norman, is said to be a former submarine captain--in which case, in what submarine fleet? It was not in the Swedish fleet at any rate. This Norman said in the article that one can lower a submarine several meters by filling the ballast tanks--that should put the entire deck under water. Hardly. "In addition, it is idiotic to run with rumbling diesel engines." What "rumbling" sub diesel engines has Norman had under his command?

One credible explanation for the grounding could be that the U-137 was simply performing turning maneuvers, in other words had no intention of going further in. Some 20 meters of faulty navigation in such a situation is certainly not inconceivable.

In a final flourish in his first article on 26 April, Myhrberg dealt with the Uto incident. Regardless of what this civil engineer knows about hydrophone design the first observation was made at a distance of 300 meters by a tugboat crew which saw the whole tower with several masts raised of a Whiskey sub that was inside Swedish territory.

The subsequent debate concerned Myhrberg's "entrance assessment." At this moment I am reading Wilhelm Agrell's latest argument for his new view: "If the diesel engines were operating before the sub ran aground it must mean that the official theory is untenable."

Strange! But perhaps he too has heard droning and roaring submarine engines!! And besides--who said the sub was spying in Gasefjorden?

In conclusion; before the departure of submarine 137, Guschtyin asked if he should fill the ballast tanks. I answered that this time it was not necessary. Even Guschtyin laughed at that.

6578

CSO: 3650/219

AUTO PARTS MANUFACTURER ASPIRES TO SECOND PLACE WORLDWIDE

Paris LES ECHOS in French 11 Apr 84 p 11

[Article by Gilles Bridier: "With Ducellier, Valeo Becomes More Dangerous for Bosch"]

[Text] Valeo's acquisition of Ducellier following Lucas's withdrawal--an acquisition that should be ratified within the next few days--could considerably alter the worldwide ratio of forces among manufacturers of rotating machines (alternators and starters) for the automobile industry.

Yet, Ducellier, which recently reduced its personnel by 500, is in a precarious position. With 92 million francs in losses for the year 1982-1983, for sales of 1.2 billion francs, 450 million francs in debts and short-time working now representing 100,000-130,000 hours per month, the company is not exactly attractive.

Ducellier's problems date back to 1976 and it did not recover even after Valeo and Lucas acquired equal interests in it in 1979 (at the time, the authorities did not want the British group to acquire the whole company).

The company was heading for bankruptcy, but we may wonder whether the co-operation of Valeo and Lucas was not doomed to failure from the start (the two groups neutralized each other), so that the British group chose to quit without even waiting until 1985 (when it was supposed to be relayed by Valeo in the alternate management system created for Ducellier).

The British group came off badly. Apart from its disengagement for a symbolic one franc, it agreed to give up 28 million francs in current accounts, to make a new contribution of 40 million to reconstitute the company's equity capital, to give up the licensing agreement it had with Ducellier... and even to grant a participation loan of 50 million francs over 7 years. It cleared the field, disillusioned and understanding that it will never have much of a say in dealing with the authorities.

Therefore, Valeo is now alone. The French group would not have acted otherwise if it had willingly allowed the situation to deteriorate to arrive at this conclusion. But it has problems of its own with its rotating machines, and Ducellier's problems were never given priority.

Therefore, Lucas is now going to reorganize its rotating machines sector (an investment project of 230 million francs in Great-Britain has already been announced). And it is too bad for the rapprochement that could have taken place between Lucas, Smiths and Ducellier in the electronics sector through the specialized company Lucas Electrical Electronics Systems, created jointly by the two British groups last year.

For Valeo, electronics will remain only a means used in their basic products (brakes, clutches, alternators). The agreements signed with Motorola were negotiated in this spirit, and Ducellier's electronics will therefore serve other Valeo operations.

Objective: No 2 Worldwide

In the rotating-machine sector, on the other hand, the project is quite different. The objective is to become number two worldwide and to give a hard time to the German Bosch, the undisputed leader on open markets.

The acquisition of Ducellier completes and gives its meaning to the acquisition of Paris-Rhone, SEV-Alternators and, last year, Motorola Alternators. The restructuring is now completed and it should enable the French group to get a market share that would solve existing problems through quantity-production savings, and that should lead to durable profitability.

However, that will not make the situation any sounder. There will have to be new personnel reductions, and Valeo expects the authorities to understand. Just as it expects the support of French automobile manufacturers with which it is now negotiating specific increases in rotating machine prices. The objective is to make Ducellier's operations profitable, as its contribution is indispensable if Valeo is to reach a satisfactory position on the world market for rotating machines.

However, the French group--which tried to diversify its markets--is not eager to find itself confined to domestic manufacturers alone, even though the latter represent an ever larger share of Valeo's sales.

Valeo is now playing a new act to establish its representativity worldwide. At Ducellier, for the time being, its performance is seen as rather good.

9294

CSO: 3519/339

BRIEFS

RISE IN EXPORTS--During the months of January and February 1984, our exports showed an appreciable increase--in terms of their value expressed in current dollars--compared to the corresponding months of last year. However, during the latter months exports had been fixed at relatively low levels. The increase in exports of agricultural products was greater than in exports of industrial products. Also of significance was the increase in exports to the countries of the OECD, while on the other hand exports to the countries of the Middle East and northern Africa showed an appreciable drop. More specifically, during the month of January 1984 exports came to \$361 million--that is, they showed an increase of 18.1 percent compared to January 1983, although the figure is smaller (+ 10.3 percent) if the petroleum products are subtracted out. In February, the value of our exports came to \$373 million--that is, they noted an increase of 14.3 percent in relation to February 1983, whereas if petroleum products are not included the increase was more sluggish (+ 10.7 percent). All told, during the first 2 months of 1984 the value of our exports came to \$735 million, showing an increase of 16.1 percent compared to the first 2 months of 1983. This increase is more sluggish if the petroleum products are not counted in (+ 10.5 percent). [Text] [Athens POLITIKA THEMATA in Greek 25-31 May 84 p 20] 12114

CSO: 3521/256

STATISTICAL OVERVIEW OF MADRID'S DOMESTIC DEBT

Madrid EL ALCAZAR in Spanish 25 May 84 p 20-1

[Article by Jorge Holgado]

[Text] For several years now, we have been witnessing a burgeoning of the government's indebtedness; in the past 5 fiscal years it has zoomed especially high. The public sector has become mired ever more deeply in debt in the face of its urgent need to underwrite deficits in the General State Budgets. This development has been alarming in all respects. Furthermore, it should be noted that in addition to the mandatory contributions all citizens make to the Treasury, through the tax system, we also contribute by buying numerous public bond issues, which have been coming out with increasing frequency. These amounts have been increasing gradually to the present, to the point that they can now be termed definitely exorbitant.

The overall volume of government debt issues that are still outstanding and in circulation is estimated at about 1 trillion pesetas, and this figure does not include Treasury notes, which are shorter-term financing instruments sold by the Bank of Spain and are now valued in the billions of pesetas. Because of their high sales rate, short term and frequency of sales, determining and delineating their current concrete values is a very complex process. To give a mere approximation, suffice it to say that in the first 4 months of the year, more than 120 billion pesetas worth of these securities--in two forms, fixed term and with repurchase agreements--were traded on the Madrid Stock Exchange.

Drain

The 1-trillion-peseta figure mentioned above, which will serve as the basis of all subsequent statements in this article, is divided very unequally among the issuing agencies, which as we shall see are legion. The largest amounts correspond to the government debt as such, which at this time totals more than 600 billion pesetas, barring any errors or omissions. Para-state entities (such as the Spanish National Railroads [RENFE], the National Housing Institute, National Reconstruction Bonds, etc.) account for nearly 44 billion pesetas, which along with the 66 billion issued to finance Agricultural Credit, the Official Credit Institute, etc., adds up to a total of 110 billion pesetas more. In addition, more than 310 billion pesetas has been put into

circulation by the remaining public enterprises: the Leasing Company of the Petroleum Monopoly, Inc. (CANPSA), Metropolitan, and the National Institute of Industry.

That is not all; the autonomous communities are also contributing their share to this crazy merry-go-round; the Junta of Andalusia in December 1983 issued nearly 7 billion pesetas in bonds, adding to the overall debt. Other communities have issued bonds as well, but since most of them have been absorbed by local financial intermediaries, they are not included in this study. Finally, public corporations (city governments and provincial deputations) have accumulated a debt of more than 41 billion pesetas altogether.

In sum, the total indebtedness of public agencies adds up to more than 1 trillion pesetas, specifically, 1,071,321,000,000 pesetas (one trillion seventy-one billion three hundred twenty-one million).

30,000 Pesetas per Spaniard

We can calculate that there are 36 million citizens of Spain. If we divide that 1 trillion pesetas that the state owes to Spaniards among the population, we conclude that it owes us nearly 30,000 pesetas each; to be more precise, 29,758. Of course this approximate calculation is on the basis of the gross indebtedness; if we add to that amount the interest due, which is usually paid to the subscriber, the figures climb higher.

Certainly this division is purely theoretical and illustrative; it is merely a diversion by way of example to try to demonstrate the enormous indebtedness of the government. To complete the comparison, it can be said that the state owes each average family of four the equivalent of a video recorder, a stereo system, a second-hand car in good condition, or a car radio of the kind that someone recently tried to take from Mr Moscoso's car . . .

City Governments: Some Curious Cases

There are some very curious cases, related above all to the bonds issued by city governments. Thus, the Valencian city of Onteniente in 1982 circulated some 110 million pesetas. The city of Yecla (Murcia) issued 140 million in bonds; and the city of Palos de la Frontera issued 160 million in 1981. If we bear in mind that the populations of these municipalities are not that large, we can conclude, without even having to make the calculations, that the per capita debt figures are enormous. The most striking case is that of Palos de la Frontera in Huelva, which has about 6,000 residents; each of them, therefore, is owed 26,700 pesetas, which could well be added to the nearly 30,000 pesetas they are owed as Spanish citizens, without committing too gross an error. The inhabitants of this town, according to our reasoning, are thus owed more than 56,000 pesetas; that is, approximately double that owed to other Spaniards. Returning to the typical Spanish family, the figure in this case would be 225,000 pesetas. This is really an interesting figure, especially in these times of belt-tightening in which the depressed areas of the South are particularly hard hit.

Creditors or Debtors? Are We Owed or Owing?

We must ask: Does the government really owe us that 1 trillion pesetas, as we have asserted, or on the contrary, do we owe it, and therefore will we have to share the payment among ourselves, sooner or later? If we stop to think about this matter in detail, the only source of financing the Public Treasury has is the people; and each peseta that the state owes its citizens on the one hand, will obviously have to come from those citizens, on the other hand.

By the same token, the higher the state debt, the greater the pressure will be on us--directly or indirectly--as taxpayers. The conclusion one reaches is almost always the same: Inefficient government management and budgetary deficits end up weighing on the shoulders and the pockets of the long-suffering citizens.

Indebtedness

Issuing Institution	Dates of Issuance	Circulating Debt (billions of pesetas)	Dates of Maturity
	Between:		Between:
Government	1928/1984	601.498	1984/2008
Para-state Entities	1946/1982	110.594	1984/2003
Other Public Enterprises	1953/1982	310.521	1984/1997
Autonomous Communities	1982	6.750	1986/1990
City Governments	1941/1983	36.252	1985/2006
Deputations	1975/1982	5.706	1990/1992
Total Outstanding Debt		1.071.321	

8926

CSO: 3548/263

IN-DEPTH EXAMINATION OF OZAL'S ECONOMIC DILEMMAS

Interest Hike Predicted

Istanbul CUMHURİYET in Turkish 10 May 84 pp 1, 11

[Text] ECONOMIC SERVICE - Interest on bank deposits is expected to rise about three points. Under the new practice expected on the agenda in a few days, gross annual interest on "3-month notification" deposits will rise to 52 percent, while the net interest will be 46.8 percent. This will be an attempt to give the savings holder higher interest than the rate of inflation which everyone now admits is over 40 percent. The 3-point increase reportedly may apply to other types of savings also.

Another innovation under consideration in the interest set-up is for interest rates to be set at more frequent intervals and, eventually, daily. Accordingly, anyone who opened a 3-month account today, for example, would get the interest rate in effect today for 3 months, and this rate would not change. But if interest rates changed next week, a person opening an account next week would get that new interest rate on his 3-month account until it expired. This practice is said to be under consideration as a new step towards "deregulated interest."

After the local elections, the idea began spreading that inflation would "balloon" again as a result of the price hikes, leaving deposit interest lower than inflation. Concern that this would prompt a shift of savings to areas such as gold and foreign exchange outside the banking system spread inside the government as well, bringing to the agenda the question of again raising deposit interest rates. The dominant view, according to information obtained, was that it should be a 3-point increase.

When interest rates were raised on 19 December, it was pointed out that these were temporary rates, stressing that opening a short-term account was not the most profitable avenue, on the assumption that inflation would be declining. Despite this, there was a big shift at the banks from longer term deposits to the new "3 month notification" and "1 month notification" accounts, the depositor showing by his preference that he did not share the expectation of declining inflation.

Developments since then have shown that depositors were not far wrong. While inflation showed signs of climbing again instead of going down, interest income began to be pressed in the race with inflation. Inflation exceeded 17 percent at

at the end of the first quarter according to the Istanbul Chamber of Commerce [ICC] index, while the highest interest rate stayed at around 15 percent. This, combined with the IMF's suggestion that "interest rates be raised," has revived the question of raising interest. If interest rates are raised again, it cannot fail to bring up the question of further growth in the increasing cost of money to banks and new increases in credit interest.

Record-Breaking Wholesale Prices Reviewed

Istanbul DUNYA in Turkish 10 May 84 pp 1, 11

[Text] ECONOMIC SERVICE - Wholesale prices broke the 8.2-percent record in retail prices in April. The State Institute of Statistics [SIS] reported that wholesale prices rose 8.3 percent in April. This is the highest average increase in the past 49 months.

As known, when the ICC announced the retail price increase as 8.2 percent, the prime minister remarked, "Let's wait for developments in other indexes. Let us see." Now, the rate of wholesale price increases for the first 4 months is 20 percent, coming close to the 25-percent inflation goal set by the government for this year. The annual rate of wholesale price increases is 45 percent.

According to an ANKARA AGENCY report, the rate of wholesale price increases in April 1983 was 1.4 percent, but rose to the 8.3-percent level in April of this year. The highest increase on a sector basis came in agriculture with 10 percent, and the lowest was mining with 1.8 percent.

Thus, wholesale prices for the first 4 months from January through April have risen 20.1 percent. By sector, the highest increase was in energy with 38.1 percent and the lowest, in mining with 11.1 percent. The 4-month price increase in agriculture was 30 percent and in industry, 15 percent.

Inflation in wholesale goods over the past 12 months was 45.6 percent. The highest increase was in, again, energy with 60 percent and mining remained the lowest at 32.3 percent. Agriculture had a 12-month increase of 52.7 percent and manufacturing, a 41.6 percent increase.

Economists Interviewed on Budget

Istanbul CUMHURİYET in Turkish 10 May 84 pp 1, 11

[Article by Murat Kopru]

[Text] Educators asked to evaluate the government's request for an extra budget appropriation of 790 billion liras in the fifth month of the year share the view that "supplemental appropriations are usually requested at the end of the year. Higher price increases than anticipated have forced the government to do this. This supplemental appropriation will be a direct budget deficit. Thus, the budget deficit will reach 1 trillion liras by the end of the year. This will allow inflation to get further out of hand, spurring further supplemental appropriations requests."

Professor Onur Kumbaracibasi, whom we interviewed, remarked, "This is the natural result of failure to plan. The Ozal government works on the spur of the moment." He continued:

"The amount of the supplemental appropriations requested is somewhat on the large side also. Bearing in mind that the budget is 3 trillion liras, the supplemental appropriation request is 25 percent of it. This request will generate inflation such as never before seen in one budget period. That the budget deficit which was estimated at 500 billion liras at the first of the year will reach 1 trillion liras must be considered a sure thing. This also means a deficit close to one-third of the budget. It makes one wonder where the supplemental appropriations will come from."

Professor Besim Ustunel, suggesting that the supplemental appropriation request would further solidify the recession which is rapidly miring deeper in inflation, said, "Putting idle funds from the Central Bank into the budget will be as inflationary as printing new money. As for meeting a portion of the deficit by domestic borrowing, that is, issuing bonds, that might further aggravate the liquidity squeeze in the banking sector in particular." Ustunel stressed that new foreign exchange rate arrangements which will be unavoidable in the months ahead under the present policy and the price hikes that would follow would bring up the question of additional supplemental appropriation requests. Professor Ustunel also stressed that the share suggested to be set aside for civil servants was ridiculously low.

Professor Izettin Onder, instructor on the Istanbul University Economics Faculty, said this in our interview:

"Inflation turned out to be higher than predicted at the time the budget was drawn up, and this produced the need for supplemental appropriations. However, the appropriations will run up the budget deficit even more and aggravate inflation. For this reason, the 55 billion-lira share designated for civil servants and wage earners will not be at all sufficient and what they gain by the supplemental appropriation will be eaten up by inflation. The sources for the supplemental appropriations are based on optimistic estimates. I do not think the state should raise taxes to cover the deficit. There is no need for direct taxes, because inflation is already performing the same function."

Major outlines of the views expressed by various educators are these:

"The Ozal government may be said to have gone for a limited budget change. Ozal does not want to turn to taxes, because he cannot provoke workers--and the civil service anymore. He cannot let profits drop, because firms are already caught in the high interest-high foreign exchange trap. For this reason, the government is relying on wishful thinking for resources. The budget deficit will grow even more as a result of the supplemental appropriation."

Gold Price Spiral Continues

Istanbul CUMHURİYET in Turkish 10 May 84 pp 1, 11

[Text] ECONOMIC SERVICE - Gold prices in Turkey know no barriers. Even the pause in the dollar yesterday was not enough to stop the gold Republic, which rose to 31,000 liras yesterday. Gold ingot is also rapidly approaching the 4,700-lira limit. Market officials indicate that a drop in gold prices is not expected soon, adding, "As long as the Turkish lira is losing value against the dollar, it is not possible for gold to halt. The Finance Ministry's assertion that the dollar would go to 800 liras in 1985 has fanned gold prices in particular." Speaking off the agenda in parliament in this connection, Finance and Customs Minister Vural Arikan had reiterated the absolute need for the rate of inflation to be reduced and said, "If you cannot get inflation down, the dollar will be 800 [liras], or 1,000."

The gold Republic has been matching the dollar step for step recently, but left the dollar behind yesterday. Despite the dollar's quiet day on world markets and insignificant development against the Turkish lira, the gold Republic continued its climb. The gold Republic surpassed 30,500 liras around noon day before yesterday and climbed to 30,800 by evening. Yesterday it rose another 200 liras, being traded at its highest value ever at 31,000 liras. There was a similar trend in gold ingot which climbed to 4,660-4,680 liras the gram yesterday.

In evaluating the steady rising trend in gold prices in Turkey, breaking record after record, despite a world gold price as low as \$370, market officials emphasize that the price rise stems wholly from the rising dollar. It is futile to expect a drop in gold prices as long as the Turkish lira is losing value, according to market officials. They contend that it was the Finance Ministry statement appearing in the newspapers about the dollar rising to 800 liras in 1985 that spurred the rise in gold. Meanwhile, the black market price of the dollar has reportedly surpassed 385 liras.

8349

OS0: 3554/225

PETROLEUM IMPORTS, CONSUMPTION, MARKETING

Vienna DIE PRESSE in German 18 May 84 p 13

[Text] Sober statistics from the year 1983 explain the significance of petroleum to Austria: about 6.3 million tons of crude oil were imported and the value was 21.6 billion schillings. The share of the nationalized OeM [Austrian Oil Administration] was 3.9 million or 16 billion S [schillings] in terms of value. The rest was taken up by the big multinational mineral oil concerns BP, Esso, Mobile, Shell, and AGIP [National Oil Company] as well as some smaller companies such as Avanti, Rumwolf, or Jet. In addition to that, considerable quantities of already refined gasoline were purchased directly from foreign refineries located near the border, such as from Ingolstadt in Bavaria.

The Schwechat Refinery of the OeMV produced 3 million tons of ready mineral oil products with a total value of 12.7 billion S in 1983. Here are the most important items: 137,000 tons of regular gasoline, 432,000 tons of super gasoline, 377,000 tons of diesel fuel including light heating [fuel] oil, 829,000 tons of heavy heating oil, 211,000 tons of bitumen, 202,000 tons of lubricating oils, 28,000 tons of aircraft turbine fuel, 2,500 tons of aviation gasoline (only for small aircraft with combustion engines), and 194,000 tons of miscellaneous gas-oils. Austria annually produces 1.2 million tons of crude oil, of which OeMV gets the lion's share of 975,000 tons, while the rest goes to RAG (Crude Oil Prospecting Company), a joint affiliate of Mobile and Shell, which operates in Upper Austria.

These figures make Austria the number-one country in the eastern part of Western Europe. As for the total extraction volume, it is exceeded only by Great Britain and Norway, with both of these countries having vast sources in the North Sea and thus achieving a higher total output figure than Austria for this reason alone. There are hardly any exports to counter these imports and domestic extraction volumes. They occur at best in the form of finished products, such as pest control agents or the like, and therefore carry no weight.

Output and Production 3 Months Ahead

Imports, primarily in the fuel sectors, are necessary above all to supply the gas stations in the western part of Austria. This can be done efficiently

only from a refinery within a radius of at most 300 kilometers; in the case of OeMV, with the production facility in Schwechat, this covers the entire area between the Czech border in the North and East, Linz in the West, and Graz in the South. From there, OeMV supplies not only the previously mentioned domestic and foreign mineral oil firms which have their own gas station network in Austria but also some big consumers, such as OeBB [Austrian Federal Railroads] or agricultural cooperatives.

Distribution is normally accomplished on the basis of a quarterly planning scheme. Both the extraction quantities and output and distribution as a rule are planned 3 months in advance on a firm basis. Austria has Central Europe's absolutely biggest oil region in the form of the oilfields in the northeastern section of Lower Austria around Matzen and Zistersdorf covering a total surface area of 170 square kilometers. It is exceeded only by the oil fields in Romania and in the Soviet Union.

The wells have an average depth of 2,000 meters. The necessary drilling or technical precision tools were mostly developed and made by OeMV in cooperation with domestic companies.

OeMV currently employs 7,621 persons, a figure which rises to 9,457 if we include PCD (Petrochemie-Danubia), a concern company. Out of the 4,317 gas stations throughout federal territory, OeMV operates 1,331, in other words, a little bit less than one-third on a contract basis. They are distributed over the three affiliates as follows: Elan 646, Martha 529, and Total 156. Since the departure of the occupation forces in 1955, the OeMV gas station network, which at that time was confined only to the Russian zone, has been extended to all of Austria.

At this time, practically all suppliers use its fuel network. This trend will continue in the unanimous opinion of all concern spokesmen. There are many reasons for that. On the one hand, the total consumption of fuel and heating oil for households keeps going down. On the other hand, it is simply the costs or the excessively low sales volume which force many gas station owners or lessees to close their pumps down.

BP Austria, for example, is currently operating 277 gas stations in Austria; 77 of them are equipped for self-service and this self-service minority accounts for half of the total fuel sales volume at BP gas stations. The situation is similar in the case of all enterprises in the fuel sector. Most gas stations are economically profitable only as of an annual sales volume of 1 million liters.

Readjustments can be found above all in the metropolitan areas where we definitely have too many gas stations, while the supply situation in some rural areas could still be improved somewhat. The threatening 35-hour work week created additional problems, both in the production enterprises of the individual companies, and at the gas stations. In Austria, pumps which also contain fuel may not be operated--by law--if no gas station employees are available. All efforts to install automatic gas stations which will take coins or paper money and which will give the corresponding quantities of fuel--such as they are particularly customary in Scandinavia--have so far failed both at the legislative end and at the consumer's end. Gasing-up and accounting through the use of credit cards, in the manner of the bank money cards, are impossible already because of the high investment costs. That would come to about 250,000 Schillings per pump and the public is hardly likely to go for that, in the opinion of experts.

Most mineral oil companies operating in Austria are running a second operation in addition to gas stations. BP, for example, has a share of about 20 percent in aviation fuel sales; contracts with foreign airlines, which fly into Austria, are negotiated, not in Vienna, but mostly in London or other big cities. BP even holds a supply monopoly at the airports of Graz and Innsbruck.

Esso officials likewise detect a definite trend toward the self-service gas station. Compared to last year, the number of Esso stations dropped by 12 to a total of 395 at the end of 1983; although super gasoline and regular gasoline is still being sold in Austria in a ratio of 70:30, it is believed that one can detect a change in favor of regular gasoline here because gas station operations in the Federal Republic already reveal a ratio of 50:50 and because the total sales volume there is already handled by self-service gas stations to the extent of 90 percent.

Customers Loyal to Brand Names Only for Motor Oil

Mineral oil companies agree that customers are loyal to certain brand names only in the case of motor oil. The customer will gas up where he can get the cheapest gas in the easiest way. Through its affiliate Austrian District Heat Company, Limited, which has been on the market since 1967, Esso is the biggest district heat supplier after the Vienna City Works. The company operates 350 district heat plants throughout Austria; ten of them are large-scale suppliers for, partly entire city sections, and 340 are block heating plants which however still supply entire residential developments or industrial enterprises with heat, mostly in the form of hot water. The biggest customers are the OeMV, another likewise very important customer is VOEST [United Austrian Iron and Steel Works, Incorporated], which invested 250 million Schillings alone in a waste heat utilization plant for the Bindermichel residential plant development in Linz. The district heat trend is helped along by an annual market increase of about 8 percent.

The operations of the other mineral oil firms in Austria vary. Shell, for example has not only a big tank farm in Vienna's Lobau section but also operates its own filling facility there for lubricating oils and miscellaneous chemical products for pest control uses. Similar filling facilities are also being operated by Mobil in Vienna-Kagran, along with some other firms. The comparatively cut-rate Avanti Company, a small outfit, in addition to its gasoline business is also operating a small airline for hire and, recently, also hotels and a travel agency.

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